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NEWS SUMMARY

GENERAL

Israelis bomb Beirut again

Israeli aircraft bombed Beirut again yesterday, intensifying pressure on the 6,000 Palestinian guerrillas beseiged there.

In Paris, Fadel El-Dani, deputy chief of the Palestine Liberation Organisation's office there, was killed in a bomb attack as he prepared to drive to work. Back Page

Death toll at 10

Another soldier died last night after Tuesday's bomb attack in Hyde Park bringing the death toll to 10, the Army disclosed.

U.S. arms deal

Spain is to buy 84 U.S. F-18A McDonnell Douglas aircraft at a cost of $3bn (£1.73bn). Back Page; Washington F-16 offer, Page 2

Strike warning

The Society of Civil and Public Servants warned that it will resist Government attempts to enforce very low pay settlements with strike action. Page 3

Wine veto lifted

West Germany said it would lift its veto on a plan aimed at preventing Franco-Italian wine wars. Page 2

'Test tube' inquiry

A big inquiry into the moral implications raised by test tube babies was announced by Norman Fowler, Health Secretary.

Defence probe

The Defence Ministry is investigating the loss of secret papers detailing plans to transport explosives through Britain.

Floods kill 18

At least 18 people were killed in floods and landslides and about 160 others buried alive under slips caused by heavy rain in Nagasaki, Japan.

S. Africa move

South Africa is stepping up efforts to locate and repatriate about 5,000 Mozambicans working illegally—most as farm labourers—in Eastern Transvaal. Page 2

Child raiders

Two children aged between 10 and 12 stole more than £5,000 in a raid on a sub post office in Weston Turville, Bucks.

Neo-Nazi killings

Neo-Nazi group Ludwig said it killed a priest and a lay brother in Vicenza, Northern Italy. The two were beaten to death with hammers.

Trumpet welcome

Monks blew horns and trumpets to welcome the Panchen Lama, Tibet's second highest spiritual leader, back to his home monastery after 20 years in China.

Briefly . . .

Mint, lime, orange and cinnamon flavoured cigarettes will go on sale in Japan.

Princess of Wales will attend the Falkland Islands service at St Paul's Cathedral on Monday.

The Louvre and other tourist spots were barred to visitors because of a strike in Paris.

BUSINESS

Equities firm; dollar weakens

● DOLLAR continued to weaken. It fell to Y249 (Y251.8), DM 2.395 (DM 2.434), FFr 6.6725 (FFr 6.77) and to SwFr 2.02 (SwFr 2.0625). Its trade-weighted index dropped to 118.3 (119.4). Page 21

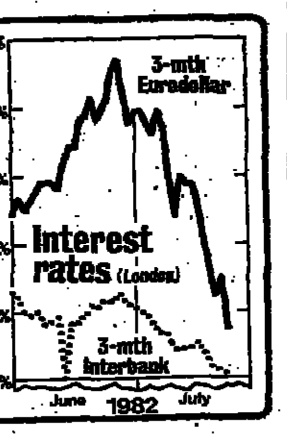
● STERLING rose 1.75 cents to $1.76425, but fell to DM 4.225 (DM 4.255), FFr 11.77 (FFr 11.825), SwFr 3.565 (SwFr 3.605) and to Y439.5 (Y440.5). Its index was unchanged at 91. Page 21

● EQUITIES firmed as confidence grew that interest rates would continue to fall. The FT 30-share index rose 5 to 578.2. Both the FT Actuaries Industrial Group index and the FT Actuaries All-Share index reached all-time highs at 346.1, up 1.7 per cent, and 341.71, up 1.6 per cent, respectively. Page 22

● GILTS made fresh gains partly on lower period rates in money markets. The Government Securities index closed up 0.2 to 72.66. Page 22

● GOLD rose $11.25 in London to $363.75 an ounce. In New York the Comex July close was $360.2 ($358.8). Page 19

● LONDON Stock Market reached a new peak after further sharp falls in international interest rates. The



three-month Eurodollar interest rate fell by three quarters of a percentage point to 12¾ per cent on hopes that U.S. rates will continue to drop. Stock Exchange, Page 22; Wall Street, Page 18

● WALL STREET was down 1.9 at 830.1 at 3 pm. Page 18

● NISSAN executive visited Whitehall amid fears that the Japanese company may shelve plans for a car plant in the UK. Page 3

● WEST GERMAN bankers will write off a further DM 280m (£61.5m) of loans to AEG-Telefunken. Page 19

● VINERS, Sheffield cutlery manufacturer, went into receivership. Page 16

● AUTOMOTIVE PRODUCTS, Midlands motor parts supplier, plans to axe 900 jobs and put 7,500 workers on short time. Back Page

● JOHN BROWN, engineering group, is to make no provision for losses that may arise from £104m contract on Soviet gas pipeline. Back Page, Lex; Results, Page 16

● FRANCE faces EEC action over its £500m aid package to farmers. Page 2

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treasury 3pc 1985	£85½	+ ½
Treas. 18pc 1990	£100½	+ ¾
Aaronson	33	+ 3
Allied Colloids	268	+ 6
Assoc. Dairies	136	+ 6
BICC	318	+ 15
Bass	236	+ 7
Beecham	304	+ 6
Bulloughs	215	+ 10
Crouch Group	88	+ 8
Currys	168	+ 10
Dom Hldgs.	78	+ 6
Guinness Peat	46	+ 4
Kleinwort Benson	228	+ 16
Hambros Bank	110	+ 8
Hill Samuel	160	+ 8
ICI	312	+ 8
Land Securities	292	+ 9
Lloyds Bank	400	+ 5
MEPC	191	+ 6
Marks & Spencer	169	+ 5
Mercury Secs.	204	+ 14
Plessey	527	+ 10
Royal Insurance	375	+ 13
Schroders	440	+ 25
Sound Diffusion	120	+ 8
Tarmac	320	+ 15
Unilever	640	+ 20
Anglo Amer. Corp.	570	+ 20
Bougainville	78	+ 5
Cons. Gold Fields	422	+ 15
Impala Plat.	240	+ 22
Poseidon	115	+ 5
S. African Land	213	+ 13
Southvaal	£16¼	+ ¾
FALLS		
Aitken Hume	166	− 12
Birmingham Pallet	28	− 14
Brooke Tool	10	− 3
Brown (J.)	48½	− 7
Lonrho	55	− 4

EEC bid to revive U.S. steel peace plan

BY GILES MERRITT IN BRUSSELS AND ANATOLE KALETSKY IN WASHINGTON

EEC Foreign and Industry Ministers meet in Brussels this morning to review the Community's options following the rejection by the U.S. of its peace plan for settling the transatlantic steel row.

U.S. and European officials in Washington held out little hope of an amicable resolution to the dispute, but insisted that the door would not be completely closed until midnight tonight.

After that the only way to stop imposition of punitive duties by the U.S. on certain EEC steel imports would be an agreement from U.S. private steel producers to drop their complaints of unfair subsidies against the European industry. Such a development was unlikely, both U.S. and European officials agreed.

Preliminary countervailing duties are already in place on steel products from the UK, France, Italy and Belgium. British Steel Corporation faces a 40 per cent duty.

Yesterday Mr Malcolm Baldrig, U.S. Commerce Secretary, sent a private letter to Viscount Etienne Davignon, the EEC Industry Commissioner, explaining the U.S. refusal of a European voluntary restraint offer and exploring further negotiating avenues.

But it seems unlikely that the EEC's bid to secure bilateral agreements on steel for Britain, France, Italy and Belgium can be revived by midnight

European Commission officials nevertheless insist that the offer for 10 per cent reductions of those countries' U.S. market shares in sensitive steel products, together with a commitment by West Germany, the Netherlands and Luxembourg not to boost their U.S. exports, was intended as the basis for negotiations.

Brussels officials have stressed their disappointment that the proposals were turned down aut of hand by Washington. They say that the U.S. give the EEC to understand that the co-ordinated bilateral pacts would be as acceptable a framework for negotiation as the global EEC-U.S. steel deal for which the Commerce Department is once again calling.

Mr Baldrige had told Brussels that a 10 per cent reduction would be "unfortunately not legally acceptable" to eliminate the "injurious effect" of subsidised European steel on the U.S. industry.

He recalled that European exports to the U.S. increased by about 30 per cent between 1980 and 1981, raising hopes among some officials that a cut in European exports greater than 10 per cent might prove acceptable.

Other U.S. officials said that the swiftness with which Mr Baldrige rejected the European proposals on Thursday suggested that a political decision had been taken not to settle the dispute.

The signs are that the original EEC offer involved cuts of some 300,000-500,000 tonnes, while the U.S. target for some time has been to slice EEC steel exports by some 1.5m tonnes to about 4.5m tonnes a year.

Though passing today's deadline is serious, it does not preclude a global settlement that would lift the preliminary U.S. countervailing duties, which threaten to stifle some 3m tonnes a year of EEC steel exports.

Belgian bank takes legal action over Saudi Arabia silver deals

BY ALAN FRIEDMAN

KREDIETBANK BELGIUM, the third-largest bank in Belgium, is facing a substantial exposure resulting from speculation in silver bullion by a Saudi Arabian client.

The client is believed to be the Al Dammam-based company of Abdullah Saleh Al Rajhi, a 40-branch money changing and travellers cheque business which caused a £2.5m write-off by Mocatta and Goldsmid, the London bullion dealer subsidiary of Standard Chartered Bank.

The Abdullah Salah Al Rajhi group is also facing a £3.2m claim from Thomas Cook, the travellers cheque subsidiary of Midland Bank.

In Brussels, a Kredietbank executive last night issued the following statement:

"The forward and spot transactions in silver with our Saudi Arabian customer remain covered with sufficient collateral. Moreover, for months the bank has taken the necessary covered with sufficient collausual Saudi Arabian way, this collateral.

"These include, inter alia, mortgage registrations on important real estate and other pledges. In this framework the communication by the Saudi authorities that they are moving against the debtor can be considered as the beginning of the realisation of the above mentioned collateral.

"The monetary authorities in Saudi Arabia and in Belgium have been informed and are co-operating in these steps and in the handling of the case."

It is understood that the authorities in Saudi Arabia have ordered the suspension of all commercial activities of Abdullah Saleh Al Rajhi and may have ordered a freeze of his personal assets.

Kredietbank's involvement in a Saudi client's silver dealings first came to light in early March.

Kredietbank is taking legal action in Saudi Arabia and its nominal exposure is thought to be about $210m (£120m). The bank appears confident it will recover the full amount, however, and said in March its earnings for last year had not been affected.

It is understood that a provision of around BFr1bn (£12.6m) was made last year. In addition, the realisable value of the silver purchased through Kredietbank on Abdullah Saleh Al Rajhi's behalf is believed to be at least $80m (£46m) given present market conditions.

The balance of the exposure might be recovered through the realisation of Saudi land and other security which was pledged by Abdullah Saleh Al Rajhi to Kredietbank.

The Belgian bank's official net worth is BFr 15.95bn (£200m), but the bank has additional hidden reserves.

Earlier this week Thomas Cook said it was seeking an out-of-court settlement on £3.2m of debt owed for travellers cheques. This debt, if fully written off, could wipe out 75 per cent of the Cook travellers cheque earnings this year.

On Thursday the Al Rajhi Company for Currency Exchange and Commerce, a Riyadh-based 160-branch group which is run by the Al Rajhi family of Saudi Arabia, said under no circumstances would it provide any help to Abdullah Saleh Al Rajhi in Dammam.

A spokesman for the family in London said the Dammam company had been disowned by the family and had no connections with it.

Lloyds Bank profits up 11% in first half

BY WILLIAM HALL, BANKING CORRESPONDENT

LLOYDS BANK, the first of the Big Four clearing banks to report its half-year results, has increased pre-tax profits by 11 per cent to £193.1m and raised its interim dividend by 15 per cent.

The bank does not appear to have suffered unduly from its involvement with Argentina, where it has a large retail branch network, although the group's provision for bad and doubtful debts has risen by £37.8m to £63.1m.

Lloyds will not confirm whether it has increased provisions to cover its exposure in Argentina, but does say that the increase "reflects the worldwide recession and political upheavals in a number of countries."

Sir Jeremy Morse, the bank's chairman, says that, "after many years of inflation there are now also significant deflationary pressures associated with high real interest rates affecting both sovereign and corporate borrowers around the world."

The group's net interest revenues rose by 29 per cent to £590.5m and other operating income rose by 22 per cent to £188.5m, compared with the first half of last year. Operating expenses rose by 22 per cent to £503.5m. However, the profit improvement is tempered by a £14.2m deficit on foreign exchange transactions, reflecting mainly the devaluation of the Argentine peso.

Compared with recent years, when the international side has made the running, Lloyds Bank's domestic operations provided the growth in the latest period, accounting for about 54 per cent of total profits. International profits fell, "reflecting lower economic growth worldwide resulting from high interest rates and unstable conditions."

Over the six months to the end of June, Lloyds' average base rate was 13.4 per cent. This compares with 12.8 per cent and 13.7 per cent in the first and second halves of 1981.

Domestic loan demand was very buoyant, with clearing bank branch advances 24 per cent up on the second half of last year and 44 per cent up on the comparable 1981 period.

Current account balances were flat, and the strong growth in lending resulted in Lloyds having to move into the money market for funds. The bank believes that Britain may be moving closer to recent experience in the U.S., where small investors have moved their money out of banks and into higher yielding investments.

The group has declared a dividend of 9.92p per share, which is 7.6 times covered by earnings. Lloyds Bank's share price rose 5p to 400p.

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RECORD HIGH FOR ALL-SHARE INDEX

BY OUR BANKING CORRESPONDENT

FURTHER sharp falls in international interest rates pushed the UK stock market to a new peak yesterday with the FT Actuaries All-share index rising 1.6 per cent to an all-time high of 341.71. Gilt-edged prices also rose to their highest level for nearly three years.

The three-month Eurodollar interest rate fell by three-quarters of a percentage point to 12¾ per cent as sentiment strengthened that firm downward trend. This, together with the relative strength of sterling, has fueled expectations that UK banks may son move to cut the cost of overdrafts.

However, the UK authorities seemed anxious to limit the speed of the fall in UK interest rates and maintained their intervention rates in their money market operations. Nevertheless, the three-month interbank rate—a good proxy for UK base rates—fell by 1/16 of a percentage point to 12 1/16 per cent, a fall of half a percentage point over the last week.

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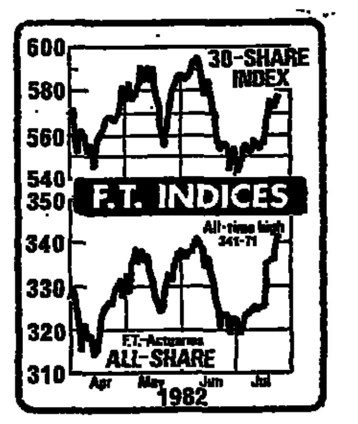

Reagan loses sixth economist

By Anatole Kaletsky in Washington

MR MURRAY WEIDENBAUM, President Ronald Reagan's Chief Economic Adviser, has resigned amid speculation that he disagreed with an optimistic economic forecast which the Reagan Administration was originally due to publish yesterday. The forecast has now been delayed until Monday.

Mr Weidenbaum is the sixth, and most important, senior Administration economist to have resigned in recent months.

Mr Weidenbaum's resignation does not appear to indicate a victory for any one economic faction in the Administration. It is more likely to be indicative of a growing concern among all schools of professional economists about the basic inconsistencies in the Reagan economic programme.

Other Administration economists to have resigned recently include a monetarist, Mr Jerry Jordan, of the Council of Economic Advisers; two committed "supply-siders," Mr Norman Ture, Treasury Undersecretary for Tax Policy, and Mr Paul Craig Roberts, Treasury Assistant Secretary for Economic Affairs; and two more traditional international economists, Mr Myer Rashish, Undersecretary of State for Economic Affairs, and Mr Bob Hormats, Assistant Secretary of State for Economic Affairs.

Mr Weidenbaum's resignation was officially explained as a "personal" decision connected with his desire to return to

Continued on Back Page

Pressure for Cunard to build ship in UK

BY ANDREW FISHER, MARGARET VAN HATTEM AND IVO DAWNAY

PRESSURE ON the Government to ensure that the successor to the Atlantic Conveyor is built in Britain and not the Far East, intensified yesterday. The vessel was destroyed in the Falklands conflict.

Trade union leaders told Lord Matthews, chief executive of Cunard, which owned the ship, that the company had a responsibility to build the new one in the UK. But he said the gap of some £15m between the British and the South Korean prices would have to be met by the Government through a subsidy.

It was clear in Westminster that the Government was embarrassed by the issue. The decision is increasingly seen as political rather than economic, and several cabinet ministers are understood to feel that concern for UK industry and employment should be seen to outweigh free-market principles.

After the union meeting with Cunard, Mr David Lea, assistant general secretary of the Trades Union Congress (TUC), said: "It would be seen as a disgrace in this country if the Atlantic Conveyor were not replaced by a British ship."

The Transport and General Workers Union's docks group will meet on Wednesday to discuss plans to black all Cunard vessels, including the QE2 passenger liner, if the Government fails to propose a subsidy.

Mr Lea said the unions had asked to meet Mrs Margaret Thatcher, the Prime Minister, to stress that other governments provided extra finance for companies to build ships in national yards. Delegations of backbench Conservative MPs are also pressing to see Mrs Thatcher and Mr Patrick Jenkin, the Industry Secretary, early next week to try to force an intervention.

The TUC delegation to Cunard included Mr Bill Sirs, the steelworkers' leader, Mr Alex Ferry, general secretary of the Confederation of Shipbuilding and Engineering Unions, Mr Terry Duffy, the engineering union president, and Mr Ken Gill, general secretary of TASS, the white-collar engineers' organisation.

"I am as anxious as the unions are that we should build the ship in Britain," said Lord Matthews, "but I don't want to do a Freddie Laker on ourselves." He was believed to be referring to the possible results of an uncommercial decision.

So far, the Government had not provided much encouragement for the idea of a special subsidy for the ship to be built in the UK, he said. He had mentioned the matter to Mrs

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£ in New York

—	July 22	Previous
Spot	$1.7490-7505	$1.7465-7480
1 month	0.01-0.05 pm	0.04-0.08 pm
3 months	0.63-0.68 pm	0.70-0.75 pm
12 months	3.20-3.35 pm	3.25-3.40 pm

CONTENTS

For latest Share Index phone 01-246 8026

Koreans win $960m Iraq rail contract

By Paul Cheeseright, World Trade Editor

KOREAN COMPANIES have won a $960m (£552.5m) contract to build a 273 km (169 miles) railway in northern Iraq.

The contract, announced yesterday in Seoul by Korea Overseas Construction, the consortium leader, involves building a diesel electric line between Kirkuk, Baiji and Haditha, with stations and housing for railway employees.

Other members of the consortium are Hyundai Engineering and Construction and Namkwang Construction.

The announcement comes against the background of a slowdown in Iraqi development plans because of the war with Iran and the resulting financial constraints.

This has forced a reassessment of priorities. But the emphasis on improving transport facilities has been maintained.

The Korean consortium has signed its contract with the New Railways Implementation Authority, which between now and 1985 is seeking to add 2,400 km of standard guage track to the existing Iraqi rail network.

Bids for the contract were called for March on the basis of designs and documents drawn up by Deutsche Eisenbahn Consulting of West Germany. The company will supervise construction, which is scheduled for completion in 1986.

Earlier reports from Iraq had suggested that competitors with the Korean consortium, known to industry executives in the area for its aggressive approach, came from Brazil, France, Italy and West Germany.

The successful Korean challenge for the contract and the previous success in Iraq of companies like Mendes Junior of Brazil and Indian Railway Construction testify to the growing role being played in the Middle East by groups from the newly industrialising countries.

No details of the financing for the contract have been disclosed, but bankers have noted that Iraq has become increasingly interested in credits to fund major development projects.

Bonn bows to pressure on wine war curbs

BY LARRY KLINGER IN BRUSSELS

WEST GERMANY has decided to allow itself to be outvoted by its EEC partners on new European Community measures designed to prevent the outbreak of further French-Italian "wine wars." The decision comes despite Bonn's strong policy objections to the scheme and its opposition to the potential cost of the measures.

West Germany's Secretaries of State responsible for European affairs had unanimously rejected the scheme, which deals with the distillation of cheap surplus wine into industrial alcohol. But Bonn decided yesterday to bow to pressure from most of its EEC partners so that the measures can be implemented before the traditional autumn harvest outbreak of wine trade tensions between France and Italy.

The concession is an important one for West Germany, the "paymaster of Europe," as it which remains the principal could open the way for increased majority pressure being brought to overcome its opposition on cost grounds to other Community projects.

Bonn has made it clear that it will not invoke the EEC's "Luxembourg compromise," which gives a member-state a sole veto when "important national interests" are at stake. But it is equally firm that other member-states will have to carry the wine scheme over its formal objections.

The issue is now expected to be placed on the agenda of one of the two Councils of Ministers scheduled for next week, the last before the Community's annual August recess.

The wine scheme was finally approved by all the other nine member-states on *Monday after* Britain obtained what it regarded as adequate safeguards for its industrial alcohol market.

Bonn believes that the European Commission's provisional estimate that the cost of the scheme will average about £210m a year to be a "gross underestimate" and objects in principle to the inclusion of any new products in EEC programmes designed to guarantee prices to producers of surplus output.

West Germany is also placing itself firmly on record against any possible expansion of the scheme if Spain joins the EEC.

The new scheme relies on a series of compulsory and voluntary distillations of surplus wine into industrial alcohol at minimum prices to producers. The aim is to mop up over-productions while guaranteeing minimum incomes and preventing the flooding of the French wine industry with cheaper Italian imports.

Past wine wars have resulted in France illegally blocking hundreds of millions of litres of Italian wine imports following widespread and often violent protests by French farmers.

West Germany complained that the Agriculture Ministers, in expanding the scheme to cover some subsidiary grape products, had added at least £15.7m to the projected annual cost of the scheme. Bonn pointed out that it only approved the provisional scheme earlier this year on condition that the final details would not cost "one pfenning more."

French face EEC action over farm aid

THE European Commission has opened legal proceedings against France because a substantial portion of its £500m aid package for farmers appears to break EEC rules, Larry Klinger writes from Brussels.

The Commission, which has approved about half the French measures, is nevertheless contesting funds worth an estimated FFr 2.5bn (£210m) being made available through the Credit Agricole, the farmers' co-operative bank.

Several EEC member-states, with Britain in the forefront, had been pressing for Commission action since the French announced their aid package eight months ago.

Opponents of the French move argued that, even if much of the French programme proved to be technically legal, its scale alone was enough to distort trade within the EEC.

The Commission will now ask France to demonstrate that the Credit Agricole operations do not contravene Treaty of Rome obligations for member-states to prevent the distortion of inter-Community trade.

If French representations fail to satisfy the Commission, a case will be lodged in the European Court.

Italian Cabinet agrees to act on deficit

BY JAMES BUXTON IN ROME

THE ITALIAN Cabinet yesterday agreed the broad outline of the package of measures to curb Italy's exploding public sector deficit. But many contentious details remain to be settled before next weekend's deadline.

Ministers are broadly agreed on the need to cut the deficit by between L3,000bn (£2.3bn) and L10,000bn by raising indirect taxation and some cuts in spending. The measures are needed to bring the government borrowing requirements back towards the L50,000bn (£20.8bn) target for this year, as opposed to the expected L65,000bn.

Sig Giovanni Spadolini, the Prime Minister said earlier this week that he would resign if his five party coalition Government was not able to agree on the package by the deadline of July 31.

The Socialist Finance Minister, Sig Rino Formica, who is responsible for taxation, wants to raise VAT only on those items which do nothappen to be part of the basket on which the *scala mobile* price index is based, and to lower it on others, thus avoiding tax rises being reflected in higher wages under the contentious indexation system.

Sig Nino Andreatta, the Treasury Minister, and the Christian Democrats want a thorough revision of the *scala mobile* basket to remove from it the effects of VAT rises.

Any policy to change the workings of the *scala mobile* depends, according to Sig Spadolini, on the agreement of the trade unions. Two of the three main union confederations have accepted the need for change, but the third, the Communist-oriented CGIL, is still opposed, and there are dangers of an unprecedented split in the trade union movement.

It now looks very likely that the unions will postpone trying to formulate a co-ordinated policy on the *scala mobile*.

U.S. price rises confirm 7% inflation trend

BY ANATOLE KALETSKY IN WASHINGTON

CONSUMER PRICES in the U.S. increased by 1 per cent in June, confirming that the trend of U.S. inflation is returning to about 6 or 7 per cent annually after exceptionally low inflation figures earlier this year.

May also saw a 1 per cent increase in the consumer price index (CPI), which compared with increases of around 0.3 per cent a month in the previous four months.

Rising energy prices were the main reason for the deterioration in the trend of inflation. About three-fifths of the increase in the CPI in June was due to energy prices and housing costs. Petrol prices rose by 5.4 per cent in June and housing costs increased by 1.2 per cent as a result of an upturn in house prices.

A Labour Department analyst said yesterday that July's increase in the CPI was also likely to be about 1 per cent. This translates into a compound rate of over 13 per cent.

After the summer, however, the Labour Department expects the CPI to settle down at a lower rate. The analyst said that forecasts of inflation averaging between 6 and 7 per cent for the year as a whole are "about right on track."

Reuter adds from Washington: The Senate yesterday approved the largest single tax increase in U.S. history—an Administration-backed plan to raise an extra $98bn (£57bn) in Federal taxes over the next three years.

The Senate voted 50 to 47 to approve the increase as part of a package of measures designed to reduce the Federal Government's expected deficit of over $100bn in the 1983 financial year. The package includes a three-year $17bn cut in Federal spending for some medical and social welfare programmes.

Both sides keep silent in Gulf war

By James Dorsey in Kuwait

IRAN and Iraq kept up their official silence yesterday on the outcome of the latest offensive in the Gulf war. Fierce fighting was reported on Wednesday night after Iran launched a second large-scale offensive into Iraqi territory, north-east of the port of Basra.

After initial claims of success by both sides, no military communiqués have been issued in either Tehran or Baghdad.

Diplomats said that Iran had poured tens of thousands of troops across the border north and south of the border post at Zeid. But Tehran Radio made no mention of the war during news bulletins yesterday.

Iraq's Ministry of Defence called up a further batch of reservists this week. An announcement by the Ministry said that Iraqis born in 1953 should report as from August 1. Neither Baghdad Radio nor the official Iraqi news agency mentioned the fighting.

Diplomats speculated that Iran's silence could be an indication that its offensive was less successful than it initially claimed.

But other observers felt that Iran's commitment to the overthrow of President Saddam Hussein's regime was such that a further Iranian military push may be expected at any moment.

Washington F-16 offer on eve of Gandhi visit

BY K. K. SHARMA IN NEW DELHI

IN A SURPRISE move, the U.S. Administration yesterday offered to sell military equipment to India, including the sophisticated F-16 aircraft.

The offer was made in a statement to Indian reporters in Washington by Mr Walter Stoessel, the Deputy Secretary of State, in what is thought to be an attempt to improve relations with New Delhi shortly before Mrs Indira Gandhi, the Indian Prime Minister, visits Washington next week.

Mrs Gandhi ... visit

India has severely criticised the U.S. decision to supply F-16s to Pakistan as part of a $3.2bn (£1.89bn) arms deal announced last year. Mrs Gandhi has repeatedly said that Pakistan could use the weapons only against India and that the deal had drastically changed the military balance in the subcontinent.

India recently reopened the arms supply question with the U.S. and has indicated that it wants to purchase Tow missiles and artillery. So far, however, no request has been made for the F-16 aircraft, 40 of which are to be supplied to Pakistan in the next two years.

Mr Stoessel told Indian reporters that the U.S. arms supply to Pakistan would not disturb the "balance" in the subcontinent since India was vastly more powerful than Pakistan. He said the U.S. arms supply was "defensible and reasonable in the interests of stability in the area."

The question of arms supply to Pakistan is certain to be taken up by Mrs Gandhi in Washington as it is one of the main reasons for the present coolness in Indo-U.S. relations. But it remains to be seen how she reacts to the offer to sell sophisticated military equipment to India.

The Indian Government has recently launched a major defence equipment purchase programme which includes French Mirage 2000s, from France and Soviet MiG-23s and MiG-25s, as well as plans to improve defence capability through local manufacture.

Protection for police in Zimbabwe

By Our Harare Correspondent

ZIMBABWE yesterday formally extended its state of emergency for a further six months and gazetted new regulations precluding legal action against civil servants, the police and the military for actions taken for reasons of state security.

Political commentators here immediately pointed out that when the minority government of Mr Ian Smith introduced similar regulations in the 1970s he was widely criticised in many quarters, including Britain.

The Emergency Powers (Security Forces Indemnity) regulations give Mr Robert Mugabe, the Prime Minister, the power to stop either civil or criminal proceedings against members of the army, police and prison services. The regulations follow a civil court action, conducted in camera, by a white Member of Parliament, Mr Wally Stuttaford, against the security forces for torture. The result of the case—which Mr Stuttaford is understood to have won—has not been revealed.

The new emergency powers will prevent any further such actions being brought against the Government. Previous indemnity legislation introduced by the Smith Government and strongly criticised by Western governments, including Britain, was repealed in 1980.

A number of civil actions are currently pending against the Zimbabwe security forces but the new regulations are retrospective and could ensure that these actions come to nothing.

Mozambique workers clampdown

By Bernard Simon in Johannesburg

SOUTH AFRICA is clamping down on the movement of Mozambican migrant workers across its eastern border, following several incidents of sabotage by black nationalist guerrillas in the area.

The immediate action is aimed at finding and repatriating some 5,000 illegal immigrants, most of them working as farm labourers in the eastern Transvaal.

The flow of immigrants across the border has increased recently, according to officials, apparently as a result of high unemployment and food shortages in Mozambique.

The South African authorities are clearly concerned at the threat which unrestricted access to the eastern border area poses to internal security. Recent incidents of sabotage have included the derailment of a passenger train and an attack on fuel storage tanks.

Dr Piet Koornhof, the Minister for Co-operation and Development, responsible for black affairs, said the action did not involve the 12,000 Mozambicans who are legally employed.

AP adds from Lisbon: Guerrillas seeking to oust the Mozambique Government yesterday claimed their forces sabotaged railway lines in central Sofala and Manica provinces servicing Malawi and Zimbabwe. Mr Evo Fernandes, European spokesman for the Mozambican Resistance Movement (MRM) also claimed the government of President Samora Machel was preparing to launch a large-scale counter-offensive.

James Buxton reports on South Tirol's split loyalties

Italy's Little Austria drifts right

AN OPINION POLL last month found that the majority of the inhabitants of a small part of northern Italy wanted West Germany to win the World Cup. Incredible, one might think—except that the poll was taken in the South Tirol, where the majority speaks German because Italy acquired the area from Austria after World War I.

A land of beautiful Alpine valleys and mountains.

The poll was taken before the World Cup, when nobody thought that Italy had a hope of winning and, by the time Italy came to confront West Germany in the final, most of the German speakers had swung round to what turned out to be the winning side. But the story shows that after 62 years of being Italians, many South Tirolers are still equivocal about their loyalties.

Until 10 years ago they had some justification. In the 1960s the South Tirol—known in Italian as the Alto Adige—was a European trouble spot, discussed at the United Nations, and the scene of occasional acts of terrorism, which look modest by present-day standards. The battle was for autonomy for the predominantly German-speaking province.

Italy's claim to this land of beautiful Alpine valleys and mountains, including part of the Dolomites, was based solely on the need for a good strategic frontier, running along the central ridge of the Alps and including the Brenner Pass.

The trouble began under Mussolini, who was determined to Italianise the South Tirol, which up to then was a land of farmers with very few Italian inhabitants. Heavy industry was encouraged to set up at Bolzano, the capital, and Italians came in from crowded cities elsewhere to work in it and to administer the new territory.

The teaching of the German language was forbidden (though it went on clandestinely), the placenames were Italianised, and a commemorative arch was built in Bolzano to mark the bringing of "civilisation" to this barbarian outpost. The arch, heavily protected, still stands.

After World War II, the Allies, who had contemplated returning the South Tirol to Austria, guided Sig Alcide de Gasperi, the Italian Prime Minister, and Herr Karl Gruber, the Austrian Foreign Minister, to sign a treaty under which Italy guaranteed protection for the German ethnic minority and promised to give the province of Bolzano special autonomous status.

But under what the German speakers call the "rip-off," the new Italian republic instead gave special status to the whole region of Trentino-Alto Adige which, because it included the Trentino to the south, had an overall Italian majority. From the mid-1950s, Austria began vigorously to take up the South *Tirolers' cause. After the "hot"* decade of the 1960s a "package" of measures was finally agreed in 1972 to give the province of Bolzano-Alto Adige, where two-thirds if the 430,000 inhabitants are German-speaking, autonomous status.

In the last 10 years, as the provisions of the autonomy package have gradually been implemented, the South Tirol has been transformed. The provincial government, controlled by the Sudtiroler Volks*partei, which rules in coalition* with some Italian parties, has considerable powers and firmly enforces the two basic principles of the package: that jobs in public administration should from now on be divided on a proportional basis between the language groups and that bilingualism is required for all jobs in public administration.

In comparison with the single phalanx of the Volkspartei the Italians are a heterogenous group *with few good leaders*, but their status almost as underdogs has been compounded by another factor. The German speakers have become wealthy.

The Italian speakers have been left with large-scale industry (doing badly throughout the country in comparison with the small-scale businesses), and ill-paid public administration.

Some of the younger politicians are finding that it pays in terms of electoral support to be as right wing as possible. The moderate, older generation of leaders, under Dr Silvius Magnago, the veteran president of the Volkspartei and of the regional government, look to the reasonable Austrians, the South Tirolers' official patrons.

But the right wing of the party, now making up about 40 per cent, draw their inspiration from Herr Franz Josef Strauss and the Munich-based Christian Socialist Union. The West German politician frequently visits the South Tirol *and takes part in parades and* marches in which the participants revel in their German identity. There are even little groups of extremists who have formed *Schutzbunder* (protection bands) that arouse echoes of Nazism.

The existence of a strong right wing means resistance to anything that might be seen as an incursion by the Italian minority. For example, some Italian speakers now want their children to start to learn German *at primary rather than* secondary school, so that they learn better the dominant language of the province.

The drift to the right, which could cause a split in the Volkspartei when the 68-year-old Dr Magnago eventually retires, has been fuelled by the recession—which has ended the economic boom and brought high interest rates leaving many businessmen badly overborrowed—and from mounting frustration with the inefficiency of the Italian central government, in contrast to the Teutonic rigour of the young provincial government.

But why should the prosperous, locally dominant German speakers become less moderate the more they gain? Two comments from German speakers in Bolzano: "The German speakers are undoubtedly the best-protected linguistic minority in Europe. But they are still a minority in Italy and there is always the fear that the Italian government, with its natural tendency to centralise, could one day say: 'This is how we are going to interpret autonomy from now on and you must put up with it.'

"Unlike the British, Germans have an unfortunate tendency to go too far."

Israeli general claims war aids peace hopes

By Andrew Whitley

THE ISRAELI campaign in Lebanon is the "most important and vital war" since the country's independence war in 1948, a senior Israeli general said in London yesterday.

General Benjamin ben Eliezer, a former Military Governor of the West Bank, said that as a result of the Israeli action new hopes for peace in the Middle East would appear. Lebanon would be left in a better state, he claimed, with the Government in a better position to gain control over the whole country.

Gen Eliezer, who was speaking to the Royal United Services Institute, insisted that the Palestine Liberation Organisation (PLO) had to be removed from Lebanon. If Mr Philip Habib, the U.S. special envoy, failed in his mediation mission "we will definitely enter West Beirut," said the General, who has served in the present war.

Failure to conclude the action would give the PLO its "biggest victory" politically, and would lead to a "massacre" of the Lebanese Christians who had sided with the advancing Israelis, he claimed.

The stocky, casually dressed general, who stressed he was speaking only from a military point of view, said it had been a "big mistake" on Israel's part not to have entered West Beirut immediately. Lives would have been saved, he claimed, and Israel would have been spared much "unpleasant propaganda".

Gen Eliezer claimed that excluding West Beirut there were only 31,000 refugees in Lebanon as a result of the war. Arab deaths were put at 1,300, of which 1,000 were said to have been "terrorists".

The tally of Syrian equipment losses in air battles with the Israeli forces in Lebanon was said to be 88 MIGs and 10 helicopters.

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Japan defence bill may exceed ceiling

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

A MID-TERM defence programme approved yesterday by the Japanese Government will almost certainly result in defence spending exceeding 1 per cent of gross national product at some time during the next five years.

The defence programme estimates expenditure on "main equipment" between 1983 and 1987 at between Y4,400bn (£10bn) and Y4,600bn. Overall defence spending is put at between Y15,600bn and Y16,400bn. The lower of these figures would amount to 0.97 per cent of Japan's officially estimated GNP during the same five year period while the higher figure represents 1.02 per cent of GNP.

Official GNP estimates, however, are based on the notion that the Japanese economy will grow at 5.1 per cent per year—a figure which almost all private forecasters now believe is too high.

The passing of the 1 per cent "milestone" is politically significant for Japan because the Government has been limiting defence spending to less than this amount for some years in accordance with a cabinet resolution. Politicians, including Mr Zenko Suzuki, Prime Minister, are now starting to hint that the 1 per cent ceiling will be breached. But statements on the subject are deliberately vague.

Ironically, Japan's defence spending has already exceeded 1 per cent of GNP on the basis of the standard Nato formula for assessing defence expenditure. The Nato formula (which includes pensions) gives a figure of around 1.4 per cent for Japan compared with the official Japanese figure (for 1982) of 0.93 per cent.

The Y4,400bn to Y4,600bn worth of main equipment spending projected in the new plan compares with a target of Y2,600bn to Y2,800bn for the current plan (which was originally due to run until 1984 but which is now being superseded).

Main equipment spending will account for about 28 per cent of all defence spending in the new plan period, compared with ratios of about 20 per cent up to now. The new plan provides for 75 new F-15 fighter aircraft, as well as 50 new P3C anti-submarine aircraft and 14 new anti-submarine surface ships — bringing total strength to 60 ships.

The mid-term programme represents the Defence Agency's estimate of what it should acquire over the next five years to bring Japanese defence capability up to the levels set out in a Defence Programme Outline published in 1976.

Actual expenditure will continue to be fixed on an annual basis and will depend on Finance Ministry approval.

Chancellor challenged on prospects for recovery

By Robin Pauley

THE CHANCELLOR has been challenged by Sir Monty Finniston, president of the Association of British Chambers of Commerce (ABCC), to produce evidence that there is hope for even modest economic recovery in the immediate future.

Sir Monty wrote to Sir Geoffrey Howe to say that, although there were signs around the time of the Budget that a modest economic recovery was under way, it was now increasingly clear that not only had the recovery not been sustained but the economy was *deteriorating.*

He said the chambers of commerce saw no basis for early optimism. All the evidence suggested a lower level of retail sales in the coming months and a number of chambers had reported significant reductions in intentions by the private sector to invest.

The Government's declared policy would seem to rule out a substantial increase in public sector consumption or investment.

"Despite very great efforts to improve our export performance, we see no prospect of export growth solving our problems," the letter said.

A number of important sectors—including textiles, the metal industries and the car industry—had severe and continuing problems. The association was unable to identify any big sector of the economy which was not in trouble.

"All our information points to further economic decline and the bankruptcy of a number of firms which have become efficient and highly productive. We have never before had such unanimous agreement on the extent of the decline or on the absence of hope for the future," the letter says.

This strong message of gloom from the ABCC follows repeated statements from the Confederation of British Industry on the dangers to industry from the Government's policies, interest rates and the high sterling exchange rate.

The Government is under pressure from all sides of commerce and industry to show positive signs that its strategy is producing a recovery, and to indicate where that recovery might be.

Belfast aircraft plant lays off 560

BY OUR BELFAST CORRESPONDENT

LEAR FAN, the U.S.-backed company which plans to make a carbon fibre executive aircraft in Northern Ireland, yesterday announced a temporary lay-off of the workforce of almost 1,000 people while talks about financing the project were "urgently pursued."

The company was established near Belfast in 1980 with up to £25m of government aid to provide 1,250 jobs within five years. The Northern Ireland Department of Commerce has 49 per cent of the equity.

The 560 employees in Northern Ireland and more than 400 at Reno, Nevada, are expected to be laid off for the next week. The Northern Ireland factory will then be on two weeks' holiday.

Mr Darwin Templeton, chairman, said the directors were making operating economies while discussions with parties interested in financing the business were urgently pursued. He acknowledged that the discussions have been going on for some time.

In April his year the U.S. arm of the company spoke of the need to raise between £30m and £50m to see the aircraft project through to certification and production.

At that stage the Department of Commerce gave the company limited short term assistance.

The aircraft, with a current price of around £1m, is largely made of carbon composite material. It has attracted more than 270 advance orders and the company has promised to begin deliveries in the first quarter of next year.

Ian Rodger writes: International Harvester (Great Britain) is closing its Bradford tractor factory in October, putting 510 people out of work.

Until last year, the factory made small 45 hp tractors but production was stopped because of the gradual decline in world demand for this model. Since then the plant has made components for use at other IH factories. This work will be transferred to the company's main plant at Doncaster.

● Sixty jobs are to go at the Ipswich loudspeaker company of Rola Celestion. The company said the labour force was too large to support the present hi-fi market, which was recovering from the recession much slower than expected.

Stock Exchange again attacks Gower report

BY JOHN MOORE, CITY CORRESPONDENT

THE STOCK EXCHANGE has launched another attack against a Government commissioned report on investor protection prepared by Professor Jim Gower.

In his report, Professor Gower, adviser on company law to the Department of Trade, urged a thorough overhaul of the method of regulation of the City of London's affairs which has provoked widespread hostility.

The Stock Exchange has now slammed Professor Gower's specific criticisms which he levelled at the Stock Exchange.

The Stock Exchange observes that while there are no rules to prevent fraud, "there are however rules and procedures which can minimise the risk of fraud."

The Stock Exchange says, "we are disappointed that you give no weight to the Stock Exchange's tight and tested surveillance of its member firms. The procedures are an important and we believe a unique protection for clients of member firms."

In his report Professor Gower observed that "the Exchange has not done all it might to ensure that clients' money awaiting investment is not treated as an asset of the firm, rather than the clients, in event of the firm's insolvency. Putting the money into a 'designated clients a/c' does not itself achieve this result."

He urged that the Stock Exchange should give a lead in making reforms. The Stock Exchange has replied that "loosely drawn segregation rules which stockbrokers could operate would not significantly increase the impact to which firms in practice segregate client's funds awaiting investment and would not provide any better protection for investors than is already provided by our surveillance procedures over member firms and the compensation fund."

The Stock Exchange says that the Gower report gives a misleading impression "that there are many protracted and unnecessary delays in the payment" to clients out of the compensation fund if a member firm runs into trouble. "This is not so," says the Exchange.

It argues that "the speed with which the processing of the Official Assignee (the Stock Exchange's liquidator) can be carried out is dependent on the state of the failed firm's books."

No Sizewell B melt-down hazard, says CEGB

BY MAURICE SAMUELSON

THE HAZARDS of a possible disastrous "melt-down" at Britain's proposed first pressurised water reactor were dismissed as negligible yesterday by the Central Electricity Generating Board.

Its claim comes on the eve of Monday's formal opening of the inquiry into the application to build the reactor at Sizewell, Suffolk.

The study of a hypothetical melt-down and other hazards concludes that an accident which might cause early deaths of 50 people was liable to happen only once in 400m years.

Mr Roy Matthews, CEGB health and safety director, said the report on which this estimate was based was "very encouraging indeed," and showed the likelihood of Sizewell B causing its workforce significant harm extremely low indeed."

The CEGB says that the reactor core has only a one-in-1m chance each year of melting, and that the possibility of this causing a large uncontrolled release of radiation is 40 times less likely than that.

The document will be added to the 125 kilos of paper the CEGB issued in May.

The inquiry's *formal opening* on Monday is at The Maltings, Snape. It is expected to begin hearings in January.

Sizewell B, planned as a £1.15bn 1,100-MW power station, is seen by the CEGB as the first of a series of about five identical nuclear stations.

Nissan withdrawal from car plant scheme feared

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AN INCONCLUSIVE meeting between Mr Masataka Okuma, the vice-president of Nissan, and Mr Patrick Jenkin, the Industry Secretary, yesterday did nothing to dispel the growing feeling in Whitehall that the Japanese group will shelve its proposal to build a car plant in Britain.

The Nissan Board has so far failed to reach agreement about the plant and Mr Okuma has indicated that it is so important a project that it would go ahead only if all the directors were in favour.

His trip to London this week has been largely a courtesy visit. There have been no contacts between the Government and Nissan since February.

The Department of Industry and Nissan were saying nothing last night, but Mr Okuma is expected to make a statement today about the lack of progress, referring in particular to the global uncertainties for the motor industry.

Mr Okuma said last week that there was a difference of opinion between his company and the Government about the selective financial aid to be made at the Government's discretion after consideration of the potential benefit of the plant to the UK economy. It is unlikely that the brief and formal meeting yesterday would have changed the position.

Nissan is under pressure from the Japanese Ministry of International Trade and Industry (MITI) to go ahead with the project, because MITI feels it would help to ease friction with Britain over the level of Japanese motor exports.

However, if the project were to be put on ice, both the UK and Japanese Governments would prefer that to be announced well before Mrs Margaret Thatcher makes her official visit to Tokyo in September.

Power press maker saved

POWER PRESS makers Wilkins and Mitchell, of Darlaston, West Midlands, has been recovered from the receiver by Verson International, the overseas arm of the U.S. engineering group Verson Allsteel Press, it was announced yesterday.

The loss-making Wilkins and Mitchell Power Press was put into receivership earlier this month by Centreway Industries, a Birmingham holding company with manufacturing and motor distributions interests, which has kept Wilkins and Mitchell's domestic appliance business.

The power press division showed a trading loss of £880,000 in 1981 on a turnover of £4.84m, a big fall in sales compared with the previous year.

Verson International has not disclosed the terms on which it has purchased the assets of Wilkins and Mitchell but it said it hoped to save all the company's 120 jobs.

Mr Harry Love, vice-president of Verson Allsteel Press, who has taken over as acting managing director of Wilkins and Mitchell said: "It is a company we have been interested in for many years. The skills, products and reputation of Wilkins and Mitchell will fit ideally into our long term plans."

Verson already has manufacturing facilities in Belgium and a co-production agreement for several other countries.

Warning given on equal opportunities

PRECAUTIONS need to be taken in the present economic climate to avoid undermining all that has been achieved for women in the past 10 years, Mr Ivor Richard, the EEC Commissioner for Employment, Social Affairs and Education said yesterday.

Mr Richard was speaking to a conference in London organised by the Equal Opportunities Commission on the new four-year European Community Action Programme on the promotion of equal opportunities for women.

The action programme, finally approved in the form of a resolution in May by the Council of Ministers, sets out a strategy within the EEC for promoting equal opportunities in areas such as equal pay, equal treatment in employment and parental leave.

Mr Richard said about £400,000 was needed for the administration of the action programme but it would be a hard fight to obtain that sum.

Half sovereigns on sale next week

SIR GEOFFREY HOWE, the Chancellor said yesterday that gold half sovereigns are being minted again after a break of 67 years, and go on sale next week.

The coins will be supplied by the Bank of England to the London bullion market in the same way as sovereigns and will be available for delivery to the market from Wednesday. At the present *gold price,* the half sovereign is expected to cost around £30-£35.

£10 fine likely for seat belt offences

MOTORISTS can expect a £10 fine if they do not "belt up" when the seat belt laws are introduced next year.

The maximum penalty for not wearing a seat belt will be £50 but guidelines issued to magistrates, suggest that £10 is the amount they should consider fining offenders.

Yorkshire visit for CBI chief

SIR TERENCE BECKETT, director general of the Confederation of British Industry, is to pay a flying visit to Yorkshire and Humberside, to hear industrialists' worries about the dire state of the region's trade.

Sir Terence will visit Brighouse and Sheffield next Friday where he will meet more than 100 businessmen.

European aid for roads in Lothian

THE European Investment Bank has lent the equivalent of £10m for road construction in the Lothian region of Scotland.

The loan will go towards a total of 12½ miles of road due for completion in 1985-86 and expected to cost about £48m.

Northern Ireland Act given Royal Assent

The Northern Ireland Acts 1982 received Royal Assent yesterday. The Act opens the way to a new elected assembly in Ulster with provision for a gradual shift of powers from Westminster to Belfast.

Civil servants in strike warning over low pay offer hint

BY JOHN LLOYD, LABOUR EDITOR

A MAJOR civil servants' union has warned that it will resist government attempts to enforce low pay settlements in the next pay round with all-out strike action.

The Society of Civil and Public Servants, which represents about 100,000 middle ranking civil servants, has called for next year's Civil Service pay campaign to include the threat of an all-out strike if — as the Chancellor indicated earlier this month — the Government offers zero, or very low, increases.

This call will go to the next meeting of the Council of Civil Service Unions, in October, where it is expected to attract the support of the Civil and Public Servants Associations, *the largest union.*

The union's executive, which met on Thursday, also agreed that the report of the Megaw Inquiry—which is still being studied by Ministers—did "not form any basis for discussion with Government."

A report on Megaw will go to the TUC General Council on Wednesday. It is expected to reflect general union opposition to Megaw's emphasis on bringing "market forces" into play in public sector bargaining, and to call for a system based on comparability between public and private sector pay rates.

The society is anxious to see *public sector unions* develop joint campaigns on pay and other issues, and has pressed hard for a common rejection of the Megaw principles. While there are significant differences among the unions on Megaw, many in the public sector—including big unions like the National and Local Government Officers and the National Union of Public Employees—see it as a threat to wage levels in the future.

Mr Campbell Christie, the SCPS deputy general secretary, said yesterday: "Unity among the public sector unions is vital during the next year and the SCPS is ready to play its part."

THE 138,000 industrial civil servants have been offered a pay rise of 6 per cent by the Government. The offer, which is within existing Government cash provisions, is being considered by the unions, which are expected to accept it.

The six unions involved are: the Transport and General Workers, the General and *Municipal Workers, the Union* of Construction, Allied Trades and Technicians, the Amalgamated Union of Engineering Workers, the Amalgamated Society of Boilermakers, and th Electrical, Electronic, Telecommunications and Plumbing Union.

Labour bank plan opposed

BY JOHN LLOYD, LABOUR EDITOR

THE ONLY large banking union affiliated to the Labour Party has come out against the party's proposal to nationalise the four clearing banks.

The plan, passed by the home policy committee last week, is to go to next Wednesday's meeting of the national executive committee.

The Association of Scientific Technical and Managerial Staffs, with about 80,000 members in the finance sector, has strongly opposed the proposal.

An article in the latest issue of Tribune by Mr Barrie Sherman, *ASTMS research director,* argues that the majority of bank workers, including its own members, would be opposed to nationalisation on the grounds that it would create unemployment in the sector.

Mr Sherman argues that the party should consider whether any nationalisation plans be approved while the workers in the industry are against it.

"No British Government has ever nationalised a concern in this situation. Indeed, the opposite has generally been the case—the workers have actually initiated the idea, and until now have embraced and welcomed the proposals and the changes."

Mr Sherman says that the party must take into account *that a new majority within the* working class consists of clerical, technical and scientific workers, rather than manual workers.

Banker sentenced for dishonesty

MR DAVID PHILPOTT, 48, banking operations manager for Guinness Mahon, was given an *18-month suspended sentence* at the Old Bailey yesterday for raising loans by dishonest means.

Judge Dewhurst, who ordered him to pay £1,000 towards prosecution costs, told him: "You were a trusted employee of a merchant bank and yours is a grave offence. You were the holder of a Class A signatory, which meant that other banks could look to you for integrity."

Mr Philpott and an associate, businessman Mr Michael Cadogan, were said to have cheated a bank into making substantial loans for a property dealer in Ireland.

Mr Timothy Langdale, prosecuting, said that Mr Philpott pretended that Mr Cadogan had $250,000 (£143,000) on deposit at Guinness Mahon which could be used as security.

About £170,000 was lent to Mr Cadogan, all of which was repaid later. He had wanted to buy an estate in Ireland for £3m.

"The loans were raised by dishonest means," said Mr Langdale.

Mr Langdale said that while Mr Philpott was employed at the bank he introduced Mr Cadogan as a client. Guinness Mahon agreed to lend Mr Cadogan £3m on condition he put up 10 per cent of his own money.

"That is what appears to have been the problem or the reason why it was necessary to adopt dishonest means to try to raise *some of that 10 per cent* deposit," said Mr Langdale.

In 1977 and 1978 Mr Philpott, on behalf of Mr Cadogan, arranged loans from the London branch of the New Nigeria Bank for £70,000 and £100,000.

The jury heard that the bank was deceived into believing Mr Cadogan had suitable collateral whereas it was "simply an invention."

Mr Cadogan was found guilty with Mr Philpott of conspiring to procure the execution of a valuable security by deception.

Mr Cadogan was given a nine-month suspended sentence and he was ordered to pay half the prosecution costs.

The judge said his was not such a grave offence because he was not a banker.

"But equally you fell in with Mr Philpott—maybe even devised this fraudulent scheme." the judge said.

BL to stay in SMMT

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE POSSIBILITY that BL might quit the Society of Motor Manufacturers and Traders has been removed because the State-owned group has now paid its annual subscription.

Tension developed between the two organisations because BL believes that the society devotes too much effort to the interests of the importers, and it wants to find a better way of promoting the British part of the motor industry.

However, the society provides a number of services which would be difficult and expensive to duplicate. And the Department of Industry was in favour of BL remaining a member.

If BL had dropped its membership it would also have had to give up its place at the International *Motor Show at Birmingham,* which is organised by the society.

This year the society is spending a record £3.4m to stage and promote the show, due to take place at the end of October, with 600 exhibitors.

NUS plans disruptive meetings

By David Goodhart, Labour Staff

MEMBERS of the National Union of Seamen employed by European Ferries and P & O are due to call disruptive meetings from Monday in sympathy with the strike over pay cuts by 480 Sealink employees at Harwich, Essex.

The NUS is not in dispute with European Ferries and P & O but more extensive strike action could hit all British ferry companies after a shop stewards' meeting on Friday *hears the results of the* meetings.

European Ferries said no decision had been taken on whether to invoke the 1980 Employment Act against the *sympathy action.*

The Townsend Thoresen NUS port committee at Felixstowe yesterday urged other port committees to call for a national ferry strike over the Harwich dispute.

The union estimates the cuts at 24 per cent, the company at about 15 per cent.

The occupation of six Sealink UK ships at Harwich continues with no meetings with local *management planned.*

Strike threat lifted on rig supply ships

By David Goodhart, Labour Staff

THE POSSIBILITY of *industrial action hitting Britain's* North Sea oil rigs was averted yesterday when 650 seamen who work on the 50 North Sea supply ships accepted an improved pay offer of 9 per cent.

By a majority of 112, the seamen, who belong to the National Union of Seamen, had earlier rejected in a ballot an 8 per cent pay offer. By a majority of one, they had also endorsed taking industrial action against the six companies involved if the offer was not increased.

Average pay for an able seaman on the supply ships will now rise from £136 to £150 a week.

Meanwhile, 600 North Sea catering workers have received an improved offer of 8 per cent, which they are expected to accept, from the Catering Off-shore Trade Association.

A strike had been planned for earlier this month after a *6 per cent offer was rejected.*

Minister seeks more EEC aid

BY IVOR OWEN

A BIGGER role for the EEC in financing programmes to assist industrial regeneration in Britain and other member states hit by the recession was urged in the Commons yesterday by Mr Nicholas Ridley, Financial Secretary to the Treasury.

There were immediate protests from Labour anti-Marketeers when he made it clear that he would welcome the Community taking over growing areas of national expenditure if ways could be found to achieve this.

Mr Ridley argued that for the EEC to assume responsibility for programmes now financed by national governments would help to redress the present imbalance in the Community budget.

At the same time, he indicated that there was little likelihood of early progress along these lines.

Mr Peter Shore, Labour's Shadow Chancellor, renewed the charge that the Government *had failed* in its undertaking to reduce Britain's contribution to the EEC Budget to a size which matched ability to pay. But Mr Ridley accused him of adopting a wholly negative attitude.

The Financial Secretary said the community's draft budget for 1983 proposed a 7.7 per cent increase over the sum for the current year.

Taken together, expenditure on investment, industry and em*ployment would* have risen from 3 per cent of the Community budget in 1973, when Britain joined, to 12 per cent in 1982. If the *draft budget* were approved, expenditure in these areas would increase to 15.3 per cent of the total.

Mr Ridley discounted suggestions that the Government was *likely to* face early demands to increase the proportion of British taxpayers' money made directly available to the EEC Commission through an increase in the "own resources" element of the Community budget.

He emphasised that the 1 per cent ceiling on VAT contributions, which member governments were obliged to allocate to Brussels, had not been reached. The present level of such contributions was 0.7945 per cent.

Jail sentence for former British Dredging head

MR BRYAN CLARK, 50, a former chairman and chief executive of the Cardiff-based British Dredging Company, was sentenced to two years' imprisonment yesterday—one suspended for two years—for seven offences involving theft, decep*tion and false accounting* while at the company.

Mr Clark, a former Lloyd's underwriter, was also fined £10,000, made subject to a criminal bankruptcy order in respect of sums totalling £32,377, ordered to pay up to £20,000 costs, and disqualified under the Companies Act from becoming a director for the next four years.

Passing sentence at Cardiff Crown Court, Judge Bruce Griffiths described Mr Clark as "a fluent and convincing liar."

He told him: "I found you to be a thoroughly dishonest man. Being a chartered accountant, you were fully aware of your duty of trust, yet you abused that trust by dishonesty."

Mr Clark changed his plea to guilty on the tenth day of the trial, in which he was charged with milking British Dredging of at least £40,000 by deliberate dishonesty.

The court was told that he had secured his position at British Dredging in 1977, in competition with 387 other applicants, by giving false information about his previous employment.

Bid to agree finance for construction industry pact

BY IVO DAWNAY, LABOUR STAFF

AN ATTEMPT to end long wrangles over the level of finance for the National Agreement for the Engineering Construction Industry is to be made on Monday.

The National Joint Council for the Engineering Construction Industry, the body of employers and unions which oversees the agreement, has failed to concul with its permanent secretariat on how much money is needed to cover wages and office administration costs.

The two principal employers' organisations—the Engineering Employers' Federation and the Oil and Chemical Plant Constructors' Association—believe that about £280,000 a year should suffice. But officials at the NJC's London office are understood to be seeking about £750,000.

Failure to reach a settlement of the problem could undermine the national agreement, which was signed in September last year, in a bid to end years of industrial relations problems, principally on large sites and sophisticated engineering projects.

The employers' bodies are anxious to minimise the cost to their member companies, which are already under pressure from a decline in orders. The unions have made clear that they *are not prepared to make* a financial contribution.

Options likely to be reviewed include levies on companies, based on the number of employees on sites where the agreement is in force. However, some companies claim that the fund-raising should be spread more broadly across the industry.

The number of operatives within the scope of the agreement is now believed to have fallen from about 18,000 to 16,000 over the past year.

The secretariat argues that the complexity of the agreement requires, and its *provisions* mean, that substantial sums will be required to monitor and regulate its enforcement.

Uncertainty over the future of the agreement has itself contributed to staff problems. A full-time director and a permanent secretary for the National Joint Council have yet to be appointed.

The unions have suggested that finance could be found by setting up a holiday benefits scheme for operatives and using the interest. However, employers believe that tax liabilities rule that out.

Mark Meredith reports on a study of deprivation in the remote regions of Scotland

Rural areas rich in scenery but poor in services

LIFE IN remote areas of Britain may be rich in scenery and fresh air but it is likely to be more expensive and poor in public services, according to a study by the Scottish Consumer Council.

A picture of rural deprivation emerges from the council's *three-year* study based on a sample of Scotland's 312,000 people—6 per cent of the population—living in remote areas.

The council says that its findings on the services in these outlying areas probably apply to other parts of the country.

The responses from the 3,000 interviews showed inadequate or antiquated services, sub-standard housing, limited health services, declining education facilities, severe transport problems, lack of shops, restricted choice of goods and few sports facilities.

With wages 10 per cent below the Scottish average and prices 10 per cent *higher,* the inhabitant of the remote area in Scotland is doubly penalised compared to his urban counterpart.

The report goes a long way towards exploding the myth about a cheap life in the rural areas of the country.

The council plans to use its study to equip the inhabitants of remote areas to lobby local authorities, central government and businesses for improvements.

A common factor in all its recommendation is increased government involvement and expenditure in improving and regulating services to the outlying regions.

Improvements are necessary if remote areas are not to suffer further depopulation, which will in turn aggravate the *problems in urban areas,* according to the council.

Transport is the fundamental problem and the cost of moving people and goods in rural areas a major reason for high prices.

Of the 26 parishes surveyed, eight have no bus service. People complained of poor connections with bus and ferry services and bad timetabling. Garages are closing and the cost of petrol has already reached £2 a gallon in some Scottish islands.

Examples cited in the study, include those of three children who walk five miles across a peat *bog* to school and two others who are rowed to school by their parents in a small boat.

The council recommends the Government establish minimum levels of service for remote *areas, better integration of services,* and the formation of motorists' co-operatives to service and repair cars when garages are closed.

The average attractive cottage in a highland glen is likely to have no water, electricity or suitable means of rubbish disposal, according to the report. Over a quarter of the houses surveyed lack basic amenities such as hot and cold water, bath and inside toilet.

Prices are high; shops carry little choice and poor quality goods. On Eday, one of the northern islands in Orkney, a parent would need to travel two hours to get shoes for the children.

The council proposes government grants to improve shops and a campaign to remind local *people to use their local shops* or lose them.

Consumer Problems in Rural Areas, Scottish Consumer Council, Glasgow, £3.00.

THE WEEK IN THE MARKETS

Blue chips with fraying edges

LONDON

ONLOOKER

Perhaps judging that the next cut in bank base rates can be left to itself (next week barring accidents) the authorities have left off giving helpful nudges to the money market. Despite this, and the issue of two £300m taplets mid-week, gilt-edged have kept on rising, the FT Government Securities Index finishing 2 per cent higher on another 1982 high.

Equities did their best to jump on the coat-tails of a booming gilts market. In the attempt to catch up, the FT 30 Share Index jumped nearly 20 points in the first two days of the new account, only to spend the rest of the week adjusting to life near the 570 contour.

Some constituents of this index are showing definite signs of strain—notably John Brown, with poor figures, and Turner and Newall, with employer-liability hanging over its balance sheet. But others, especially those like Boots and Plessey with comparatively illiquid markets, remained frisky enough.

Doubting Davy

Davy Corporation, for so long an unabashed bull of almost all its markets, has now embraced a "revised conceptual approach," emphasising instead the uncertain state of demand, particularly in the U.S., and a worldwide surplus of process-plant contractors.

In the year to March, Davy could at least show an increase in pre-tax profits from £18.7m to £20.4m and carry through the 10 per cent dividend increase with which it had lubricated January's rights issue. The group was still seeing worth-while (if currency-aided) growth from overseas parts of Davy McKee, broadly offsetting a leaner run from UK-based contracting. And losses in the relatively small UK manufacturing division were eliminated.

But it looks as if the main reason for Davy's changed philosophy is much harder going in the market-place. Important parts of the group are going seriously underemployed. Work in hand is slightly ahead as a whole, but in the U.S. and Germany the current workload is already slipping and the forward load there is down by a third, within a static overall figure.

At the turn of the year Davy was already finding it hard to land contracts in the non-ferrous metals industries. Now conventional petrochemical plant has become a drug on the market, and synfuel projects seem to be on the historical shelf.

Though much maligned, the rights issue has equipped Davy with finances much more appropriate to its volume of work. Even now, net worth of £87m has to support a business with current assets in excess of £1bn, but over £20m of loans—mainly dollar-denominated—have been repaid, and £31m of goodwill written off, so although it is still misleading to look on Davy as bulging with cash, the balance sheet is a lot more solid.

Babcock's duck

Not many ugly lame ducks turn into profitable swans these days but Babcock International has strong hopes for its loss-making construction equipment businesses, which it agreed this week to sell to the fast-growing German construction machinery group, IBH Holding, for about £10m.

Indeed, Babcock is sufficiently confident to have invested DM 82m (£19.3m) in a 10.06 per cent equity stake in IBH. The big UK engineering group's reasoning is that it has a better chance of recovering its investment in construction equipment through a stake in IBH than through trying to recover on its own.

Certainly, the past three years have been extremly difficult for have been extremely difficult for make mainly pavers, concrete mixers and road graders. Their trading profits fell from £2.2m in 1979 to £1.8m in 1980 and then, despite economy measures, they suffered a pre-interest loss of £0.1m last year. Interest charges added another £2.6m to the group's burden from them.

Babcock is making more manning and capacity cuts this year and is forecasting further substantial losses. So the directors were understandably receptive when the German chairman of IBH, Herr Horst Dieter Esch, approached them with an offer. Esch founded IBH in 1975 and has built it up to the world's third largest construction equipment group after Caterpillar of the U.S. and Komatsu of Japan.

Babcock agreed with Esch that more and more equipment orders were going to companies that could provide a full range of equipment.

IBH, with a strong international distribution network and a wide product range, offered a promising way out.

"With this deal, £20m of debt comes off our balance sheet," Mr Brian Knightley, finance director of Babcock, said. "On our own, we would never have had the opportunity to recover it. They (IBH) intend to seek a quotation for their shares in a couple of years so we could begin to realise on our investment then if we wished."

Rothmans' rise

A sharp acceleration in Rothmans International's closing six months has produced the recovery the market was looking for. Pre-tax profits in the year to March came out at £105m against £71m, an achievement at the top end of expectations though arguably the share price would not have been able to stand up to anything less.

Just a few pence short of a pound, the shares are now two and a half times the low point of last year and with a yield of 6½ per cent after this week's dividend rise of a fifth and fully-taxed earnings multiple of getting on for eight, Rothmans is overvalued on fundamentals.

What is underpinning the price is the hope of some bid play by Philip Morris of the U.S. Last year Dr Anton Rupert's South African Rembrandt Group sold half of its 44 per cent interest in Rothmans to Morris for $350m. A deal which could shouldered R. J. Reynolds, America's largest cigarette company, whose furious management had expected to buy Rembrandt's holding and launch a full bid for Rothmans.

However, any further action is beginning to look increasingly remote. Morris' attention is probably focused nearer home and with debt to shareholders' funds of one to one the company is unlikely to be in any hurry to make a move. Likewise Rembrandt has no obvious reasons to upset the status quo while Reynolds can do little but

The main theme of Rothmans' figures has been the quite stunning improvement in UK profitability with a sharp recovery in domestic cigarette profits thanks to reduced promotional costs and improved market share coupled to a strong export performance. Currency movements also massaged the pre-tax level upwards adding £10m for the year against a negative impact of £15m in the previous 12 months.

And this year? Conditions in the UK market are tough and there are signs that a price war might break out between the tobacco giants before very long. Nevertheless, the City is looking for further growth from Rothmans, though at a much more muted level—perhaps a 10 per cent advance assuming nothing dramatic on the currency front.

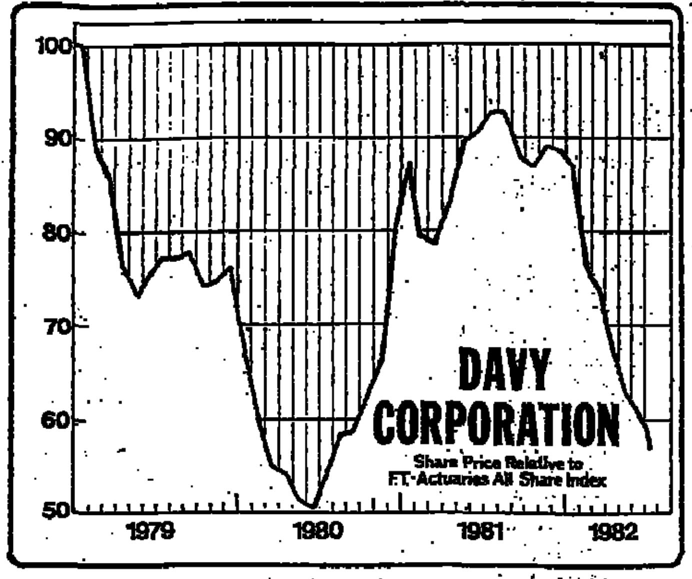
Pack it flat...

While recent figures from manufacturers of furniture have varied from the disappointing to the horrific, MFI—with a 28 per cent rise in pre-tax profits to £15m—has done its best to show that it is less of a struggle selling furniture to the man in the estate car.

"MFI is an arch exponent of "pile it high and sell it cheap". This makes it all the more astonishing that its improvement in profits was achieved against the background of a 12 per cent decline in sales volume.

It is conceivable that the astonishment was not confined to those outside the flat-pack boardroom of MFI. As January snows piled up around the warehouse, chairman Arthur Southon said that he only hoped that there would be no cut in the final dividend. In the event, it has been given a 12 per cent hike.

The key to MFI's success? In a word, efficiency. Installation of the electronic point of sales system has paved the way for substantial cuts in labour costs. As a result the profit and loss shows little sign of the decline in sales.



MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1982 High	1982 Low	
F.T. Govt. Secs. Index	72.66	+ 1.47	72.66	61.89	Trend to cheaper money
F.T. Ind. Ord. Index	578.2	+21.5	594.0	518.1	Selective investment demand
F.T. Gold Mines Index	252.8	+27.8	302.0	181.2	Gold price advance
Allied Colloids	269	+47	269	136	Good annual results
Barratt Developments	294	+24	303	210	Trend to lower int. rates
Bass	236	+19	249	196	Institutional support
Berkeley Expln.	147	−28	369	147	£4.76m rights issue
Bibby (J.)	295	+40	295	204½	U.S. acquisition/int. figs. Aug. 4
British Land	86	+ 9	94	70½	Annual results
Brown (John)	48½	− 4	66	47	Gloomy outlook
Bulmer (H. P.)	545	+58	545	287	Still on good results
Cape Inds.	85	− 6	190	80	Publicity about Asbestosis
Change Wares	17	+ 7	33	3	Awaiting acquisition news
Clive Discount	35	+ 8	35	14	Firm gilts/interest rate hopes
Long and Hambly	8	+ 3½	10	3½	Tarmac take 75% stake
Plessey	527	+27	528	345	Investment demand/stock shortage
South African Land	213	+67	213	92	Gold firm/good int. div.
Tesco	79	+ 8	79	51	Expected board changes
Vinten	264	−32	308	200	Disappointing 2nd-half results
Whitbread A	123	+12	126	86	Institutional support

Market dithers

NEW YORK

PAUL BETTS

THE PRIME rate finally came down and so did the discount rate. GNP in the second quarter grew by 1.7 per cent. Mr Paul Volcker told Congress he would be more flexible about monetary policy without, however, changing his basic goals. And the oracle himself, Dr Henry Kaufman of Salomon Bros, softened his well-known bearish forecast to say that short-term rates, at least in the near future, could come down a little bit more.

But for all this good news in sharp contrast to all the bad economic news the previous week, the market failed to rally and spent most of the week dithering whether to move up or down. The fact is that Wall Street continues to look to the future with deep uncertainty. It does not believe that the recovery, which is supposed to have started according to the ever hopeful members of the Reagan Administration, will be strong and sustained.

There are doubts, too, that interest rates especially at the long end of the market will come down to the levels necessary to relieve the pressures on the country's corporate treasuries. Dr Kaufman, for example, while now predicting lower short rates in the near term, expects interest rates to rebound again by the early part of next year to new highs.

Postponing any decision on the future course of the economy, the market turned its attention on the deluge of second quarter and first half corporate earnings results.

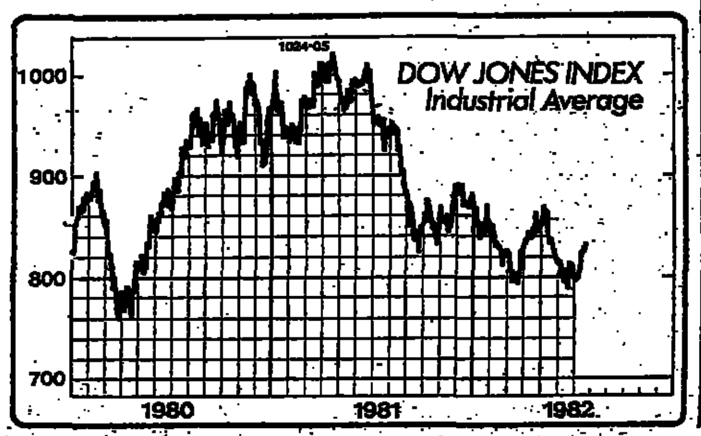
The focus was clearly on the banks, especially Chase Manhattan and Continental Illinois currently in the eye of the storm. Chase, caught up in both the Drysdale Government Securities and the Penn Square fiascos, has been trading at its 12 month low. But after it reported its first ever quarterly loss, the stock perked up gaining 2½ points on the day of the announcement to close at 38⅝. The bank had a $16m loss in the second quarter as a result of a special after tax loss of $117m from the Drysdale affair. And although Chase bought $212m worth of loans from the now failed Penn Square Bank of Oklahoma City, the $45m loss it suffered from Penn Square problem loans were set against the bank's ample reserve for loan losses and hence did not directly impact on the earnings figure. Embarrassing as this loss was for the big bank, it was far less than anticipated and the stock rallied.

But Continental Illinois' first ever quarterly loss was far less well received by the market. The large Chicago bank, the biggest casualty of the Penn Square collapse, reported a second quarter loss of about $60m. The stock did rise a fraction after the second quarter results were announced but the increase seemed to reflect the improved short term interest rate outlook rather than reaction to the quarterly figures. Indeed, bank industry analysts said the loss was not only substantial but that Continental Illinois' quarterly report showed a market deterioration above and beyond the impact of the Penn Square. The bank's loan loss provision and non performing loans rose very sharply.

For its part, Citicorp turned in a strong performance in the second quarter in contrast to Chase. Last year, however, it was Citicorp which was struggling while Chase, under new management, seemed poised to enter a new, happier era with its slogan "The Chase is on." But even with Citicorp now making a come back of sorts, investors are showing extreme reluctance to jump back into bank stocks.

The major oil companies also started reporting their latest earnings. As expected they were pretty dreadful. Exxon was down more than 50 per cent in the second quarter, Texaco was down 45 per cent, Standard Indiana was also down by 31 per cent, and Sohio had a more modest decline in second period earnings of only 1 per cent. The other major U.S. oil companies are also expected to report disappointing results in the next few days.

As for Wall Street's return-from-the-dead department, Chrysler reported a $107m second quarter profit. The stock of the Auto maker rose to the $8 level. It has been as low as $3 since the crisis started in 1979. Pan Am, another Wall Street cripple, reported a loss of $56m in the latest period.



MONDAY	826.10	−2.57
TUESDAY	833.43	+7.33
WEDNESDAY	832.19	−1.24
THURSDAY	832.00	−0.19

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %	
Abbey National	8.50	8.75	10.00	10.25	1-year high option, 10.75 6 years sixty plus, 9.25-10.75 1-5 years open bondshares
Aid to Thrift	9.55	9.80	—	—	
Alliance	8.50	8.75	10.50	10.75	5 y., 10.25 4 y., 10.25 £500 min. 2 m. not. or £100+60 d. int. pen.
Anglia	8.50	8.75	10.00	10.75	6 y., 3 m. not., 3 y., 2 m. not. 10.25, 1 mth.'s not. all int. loss
Birmingham and Bridgwater	8.50	8.75	10.25	10.75	5 years, 9.85 2½ years
Bradford and Bingley	8.25	8.75	10.00	9.75	1 month's notice
Bristol Economic	8.50	8.75	10.00	9.50	3 months' notice and 9.75 on balances of £10,000 and over. Escalator shs. 9.25-10.75 (1-5 y.)
Britannia	8.50	8.75	10.00	10.75	5 y. option bond, 10.00 2 m. not.
Burnley	8.50	8.75	10.00	10.75	5 yrs., 3 mth. not.; 9.75 1 m. not.
Cardiff	8.50	‡9.25	10.25	9.50	on bal.: £3,000-10,000, ‡ to £3,000
Cardiff	—	10.00	—	—	£10,000 and over
Catholic	10.00	9.00	10.00	9.25	on share balances of £5,001+
Chelsea	8.50	8.75	10.00	11.00	3 yrs., 90 dys.' not. on amt. wdn.
Cheltenham and Gloucester	8.50	8.75	10.00	—	
Cheltenham and Gloucester	—	9.75	—	—	Gold Account. Savings of £1,000 or more (8.75 otherwise)
Citizens Regency	8.50	9.00	10.25	10.75	5 y., 10.05 3 m. not./1 m. int. l'ss
City of London (The)	8.75	9.10	10.25	10.25	Cap Cit shs—4 mths' not.-no pen
Coventry Economic	8.50	8.75	10.25	10.50	4 yrs., 10.25 3 yrs., 10.00 3 mths.
Derbyshire	8.50	8.75	10.00	9.25-9.85	(3 months' notice)
Ealing and Acton	8.50	9.25	—	9.80	2 yrs., £2,000 min.
Gateway	8.50	8.75	10.00	10.75	5 years
Gateway	—	9.75	—	—	Plus a/c £500 min. Int. ½-yearly
Guardian	8.50	9.00	—	10.75	6 mth., 10.25 3 mth., £1,000 min.
Halifax	8.50	8.75	10.00	10.75	5 yrs., 3 mth.'s wdl. notice
Heart of England	8.50	8.75	10.50	—	*3 mths.' notice 9.75, 5 yrs. 10.75*
Hearts of Oak and Enfield	8.50	9.00	10.50	10.75	5 yrs., 10.25 6 mth., 10.00 4 mth.
Hendon	9.00	9.75	—	10.50	6 mths., 10.25 3 mths.
Lambeth	8.50	9.00	10.50	11.00	5 yrs., 10.75 6 months' notice
Leamington Spa	8.60	8.85	11.93	10.35	1 year
Leeds and Holbeck	8.50	8.75	10.50	10.75	5 yrs., 9.75 1 mth. int. penalty
Leeds Permanent	8.50	8.75	10.00	10.75	3 yrs., E.I. a/c £500 min. 9.75
Leicester	8.50	8.75	10.00	10.75	5 yrs., 10.25 4 yrs., 9.75 3 mths.
London Grosvenor	8.00	9.25	11.00	9.75	3 mths.' notice 1 mth. int. pen.
Midshires	8.50	8.75	10.00	10.25	1 year
Mornington	9.30	9.80	—	—	
National Counties	8.75	9.05	10.05	9.75	35 days' notice min. dep. £500, 10.15 6 mths.' min. dep. £500
Nationwide	8.50	8.75	10.00	10.75	5 yrs., £500 min. 90 days' notice. Bonus a/c 9.75 £1,000 min., 28 days' notice
Newcastle	8.50	8.75	10.00	10.75	4 yrs., 9.75 28 days' notice, or on demand 28 days' int. penalty
New Cross	9.25	9.50	—	9.50-10.00	on share accs., depending on min. balance over 6 months
Northern Rock	8.50	8.75	10.00	10.75	5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Norwich	8.50	8.75	10.25	9.75	3 yrs., 9.50 2 yrs.
Paddington	8.25	9.25	10.75	10.25	Loss 1 month int. on sums wdn.
Peckham Mutual	9.25	9.50	—	10.00	2 y., 10.5 3 y., 11.0 4 y., 9.75 Bus.
Portsmouth	8.85	9.05	10.55	11.10	(5 yrs.) to 10.50 (6 mths.)
Property Owners	8.75	9.25	10.75	10.75	4 yrs., 10.75 6 mth., 10.25 3 mth.
Provincial	8.50	8.75	10.00	10.75	3 yrs., 9.75 1 month
Scarborough	8.50	8.75	10.00	11.00	3 months' notice int. pen.
Skipton	8.50	8.75	10.00	9.85-10.00	28 days' interest penalty
Sussex County	8.75	9.00	11.25	10.00	2 yrs. (early withdrawal option)
Sussex Mutual	8.75	9.25	10.75	9.50-10.75	all with special options
Town and Country	8.50	8.75	10.00	11.00	5 yr., 10.75 3 yr. 60 d. wdl. not., 10 2 mth. not./28 days' int. loss
Wessex	8.75	9.80	—	—	
Woolwich	8.50	8.75	10.00	10.75	90 days (int. loss), 9.75 immed. access (int. loss) or 28 dys.' not.
Yorkshire formerly Huddersfield & Bradford and West Yorkshire	8.50	8.75	10.00	10.25	5 yrs., 10.25 4 yrs., 9.75 3 yrs., 9.25 2 yrs., 10.00 Golden key 28 days' penalty interest

*Rates normally variable in line with changes in ordinary share rates.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

So far, so good, in the gold market

MINING

KENNETH MARSTON

THAT SLIGHT parting of the clouds we were talking about last Saturday has continued this week, at least as far as gold and gold shares are concerned. The metal has put on a further $18 to $383 per ounce, having touched $369 at one time, while the gold mines share index has risen 27.8 to 252.8.

No new factors appear to have emerged in the recovery which still owes much to the easing in interest rates. Lurking sinisterly in the background, may be a fear of returning inflation and concern about the problems of the banking industry, both of which can create some uneasiness about paper currencies.

It will take a while longer before we can be reasonably sure that gold has broken out of its long bear market. Mr Harry Oppenheimer has said this week in his last annual statement as chairman of Anglo American Corporation — which was dated July 9—that there is no convincing evidence as yet that the downward trend has been broken.

But noting the continuing decline in new supplies of gold to the market he has added that this imbalance between supply and demand "is likely to become more pronounced, suggesting that a change in the price trend may not be far away." There are thus grounds for cautious optimism for holders of gold shares.

Unfortunately those in the big but low grade Western Areas have little to get excited about. Faced last quarter with the prospect of heavy losses if the price continued to decline the mine adopted a survival tactic of selling forward the major portion of its expected gold production for the next 12 months.

Western Areas will not say what price was received for these forward sales but presumably it will have been somewhere in the market range of between $300 and $365 which obtained in the period. At all *events, the price would be* unlikely to provide much in the way of profits and the chances of the mine resuming dividends in the near future are poor.

The irony of the situation is that if gold has at last embarked on a rising trend it will do no good to Western Areas which has, of course, already sold its production. To a lesser degree this also applies to Bracken Mines and Marievale which have also made such hedging sales of an unspecified part of their near term gold output.

Marginal mines such as these may not have had much choice to do otherwise. The fact remains, however, that gold mining shares rank as higher risk investments bought in the hope of high reward. Remove that hope and you are left with a very dull share indeed which can only appeal to the long-term investor and that is not what high-risk capital is all about.

Meanwhile, the season of June quarter reports from the South African gold mines has been completed this week. By and large, profits have made a satisfactory showing.

Because of the weakness of the South African rand against the U.S. dollar, in terms of which gold is sold, the mines have enjoyed a favourable exchange rate for their sales and thus the fall in the dollar price has not greatly affected their revenue.

Then, too, many of them have been able to raise production, often by mining more of the better grade ore, and operating costs have been pretty well held in check. Wages *account for about half the total* costs and the recent wage rises will now be increasing costs by about 5 per cent.

The leading producer, Vaal Reefs, has enjoyed its best production quarter on record and at the same time has reduced working costs. The young Elandsrand has made a good recovery after the production problems which have cast down earlier hopes and its June quarter profit is the best since the September quarter of 1980. Furthermore, the mine has upgraded its production target for the year.

Others to do well have included Western Deep, Buffelsfontein, Hartebeestfontein, Deelkraal and Stilfontein. *Driefontein comes into the list* thanks to a big reduction in tax for the quarter which has arisen as a result of last year's merger of the East and West Driefontein mines.

Diamond Day

Down at Ascot racecourse this morning the scene is being set for another Diamond Day. I shall be there among the hundreds of other hopefuls trying to forecast the winner of the big race, the highly prized King George VI and Queen Elizabeth Diamond Stakes which is sponsored by De Beers.

A much wider gathering is trying to forecast an even bigger event, the ending of the worst recession in the diamond industry since the 1930s. It still continues, as Mr Harry Oppenheimer has pointed out this week. But he has also given the industry a touch of encouragement.

He has pointed to "grounds for confidence that the special reasons for the recession in the diamond industry are being overcome and that an improvement in the world economy, and in particular in business conditions in the United States, will be reflected in improved sales."

Still many difficult furlongs for the industry to run yet, therefore, but it should assert itself in the end—as the race-goers might be saying today. At the same time, there is also an outside chance of a Glint of Gold if what the bullion price is saying proves to be correct.

GOLD MINE NET PROFITS

	June quarter R000s	March quarter R000s	December quarter R000s	September quarter R000s
Blyvooruitzicht§	14,233	13,824	17,453	17,042
Bracken	1,516	1,222	2,278	2,964
Buffelsfontein§	23,289	12,799	27,304	26,385
Deelkraal	3,888	2,684	4,281	4,086
Doornfontein	12,450	11,156	15,995	10,946
Driefontein	122,798	76,485	81,808	78,534
Durban Deep	†3,934	2,566	8,446	7,950
Ergo	12,820	13,354	12,627	16,223
East Rand Pty	†3,447	*6,791	†8,807	†6,780
East Transvaal	2,915	1,163	2,255	1,917
Elandsrand	5,574	*429	2,065	2,684
FS Geduld§	23,904	36,189	36,932	41,176
Grootvlei	4,813	4,043	6,943	4,792
Harmony§	27,320	21,723	24,902	23,107
Hartebeest§	34,202	11,998	28,057	27,560
Kinross	*8,513*	*6,927*	*8,460*	*10,000*
Kloof	28,974	28,138	32,968	28,013
Leslie	1,560	1,522	1,797	3,123
Libanon	10,573	11,190	12,880	10,615
Loraine	†8,369	†3,012	†2,526	†2,454
Marievale	221	157	715	500
President Brand§	22,023	27,486	27,070	37,259
President Steyn§	21,881	19,661	30,041	27,907
Randfontein	28,724	29,810	50,857	31,997
St Helena	22,159	23,518	¶35,645	¶31,848
South African Land	1,383	1,457	1,990	1,884
Stilfontein	9,770	6,433	14,621	11,231
Unisel	6,691	6,024	11,533	14,617
Vaal Reefs	69,844	54,795	93,696	75,986
Venterspost	†2,878	†3,170	†3,579	†2,410
Village Main	*170	*42	255	348
Vlakfontein	404	487	465	275
West Rand Consold	*†197	*†1,436	†2,925	†51
Western Areas	861	*2,090	13,037	13,713
Western Deep	46,032	39,122	61,416	59,515
Western Holdings§	‡28,980	‡37,615	‡37,625	‡102,524
Winkelhaak	10,598	9,849	11,640	13,907

* Loss. † After receipt of State aid. ‡ Includes Welkom, FS Saaiplaas and Erfdeel operations. § March quarter tax charge contains retrospective payments for the respective current financial years relating to the increase in gold mine tax announced in the recent South African budget. ¶ Includes Beisa.

GOLD MINE DIVIDENDS

	June 1982	Dec 1981	June 1981	Dec 1980		June 1982	Dec 1981	June 1981	Dec 1980
Blyvoor	90	*100	100	*160	Randft.	*300	400	*350	450
Buffels	280	*240	400	*310	†St. Helena	*145	145	—	—
Deelkr'l	*nil	—	*nil	3	SA Land	*35	25	*15	20
D'font.	120	*80	200	*135	S'thvaal	*120	—	*160	260
Driefont.	135	100	—	—	Stilfont.	*100	180	*130	300
Durban D	*nil	100	*85	300	Vaal Rfs.	*350	530	*450	700
ER Prop.	*nil	nil	*30	195	Venters.	35	*135	135	*150
Elsburg	*nil	13	*13	52	Vlakfont	20	15	10	*40
Gr'tvlei	*34	78	*69	112	W. Areas	*nil	20	*20	80
Hartebst.	375	*375	525	*500	W. Deep	*135	205	*200	400
Kloof	150	*175	240	*160	W. R. Cns.	*nil	10	*7	10
Libanon	140	*90	200	*130	Zandpan	47	*63	97	*64
Marievle	*16	28	*25	65					

† Previous dividends declared March/Sept.
* Denotes interim.

YOUR SAVINGS AND INVESTMENTS—1

Eric Short examines the latest offer this week from National Savings

Watch out for the penalty

THURSDAY'S announcement of two major improvements in National Savings — a doubling of the maximum holding of Granny Bonds to £10,000 and a new monthly income bond — did not come entirely as a surprise.

The policy of this Government has been to give National Savings a much greater role in its funding requirements. This financial year's target for National Savings is £5bn, following last year's target of £4bn, which are substantial sums by any standards.

Whereas the £4bn target for 1981-82 was comfortably exceeded, however, the money this year is coming in at less than half the required rate. The Treasury had to do something, and do it quick, if there was any hope of reaching £5bn.

The Treasury used up most of the ammunition in its locker last year by encouraging savers to invest sufficiently to raise £4bn. The Index linked National Savings certificates, still known as *Granny Bonds*, even though they are now available to everyone, have always been attractive, because of the index-linking. The inflow from this source was progressively boosted as the Government lowered (and eventually abolished) the age limit and increased the maximum holding.

Now it can only boost the attractions of "Grannies" by increasing the limit again and this it has predictably done by doubling the holding as from Monday from £5,000 to £10,000—the largest ever increase.

While such moves encouraged *savers in times of double figure* inflation, recent signs are that inflation will remain in single figures for some time. Grannies have therefore lost some of their shine.

The launch of the new income bond, meanwhile, was no bolt from the blue. Many investors need income and until now there had been no income bond in the National Savings product range. The British savings bond disappeared in 1979, leaving only the British Savings Bank investment account for savers seeking income.

But if the launch did not come as a surprise, the form of the bond certainly did.

The bond has a life of 10 years with interest paid gross on the 5th of each month, payment being either by cheque through the post or directly into a bank account. The capital is repaid in full at the end of the 10 year period or on death within the period. There is no revaluation for inflation.

The present interest rate is 13½ per cent a year gross, and the Treasury can vary the rate at six weeks' notice. Interest is calculated on a daily basis and the monthly payment will be the total of all the daily payments in that month. Thus February will get 28 days interest and March 31 days. There will be adjustments in a leap year.

The Treasury, meanwhile, has taken steps to discourage savers from moving in and out of these new income bonds.

Investors can give either three months or six months notice of withdrawal of encashment before the 10-year period is complete.

During the first year following purchase of the bond no interest is earned if three months' notice is given while only half the interest is earned with six months' notice. This presumably means that interest already paid will be clawed back from the capital repaid.

Once bonds have been held for a full year, there are no penalties if six months' notice is given, while on three months' notice no interest is paid during the period of notice.

How do these income bonds compare with other comparable forms of income savings contracts? The table shows the return on the bond for nil and basic rate taxpayers and lists the returns on some other schemes.

Current returns show that this new bond is very attractive to anyone who does not pay tax. Yet the Treasury has set its sights much higher. The minimum investment is £5,000 and rises in multiples of £1,000 to £200,000. For basic rate taxpayers the return can be bettered by current building society schemes. (It should be pointed out that no adjustment has been made in the table to the yields for the frequency of payment.)

The Treasury attitude to changing interest rates on the National Savings Bank Investment account has been described as slow and sticky, in that it changes rates infrequently and long after the market levels have moved.

Interest rates have been falling recently and the building societies, who react more quickly, are under pressure to bring down mortgage rates in line with this recent movement. This in turn, will mean lower interest rates for investors.

Investors should not judge the bond solely on yield. There are severe penalties for early encashment, much more severe than building societies or banks, where the normal is no penalty with one month's notice. Investors in the new bond will not have ready access to their money and should remember *this in any decisions*.

Finally, the National Savings Department has not made it easy or simple to purchase the bonds. *Application has to be* made direct to the Bonds and Stock Office in Blackpool, though the application forms can be obtained in Post Offices, with a post paid addressed envelope. And the Post Office is having distribution problems.

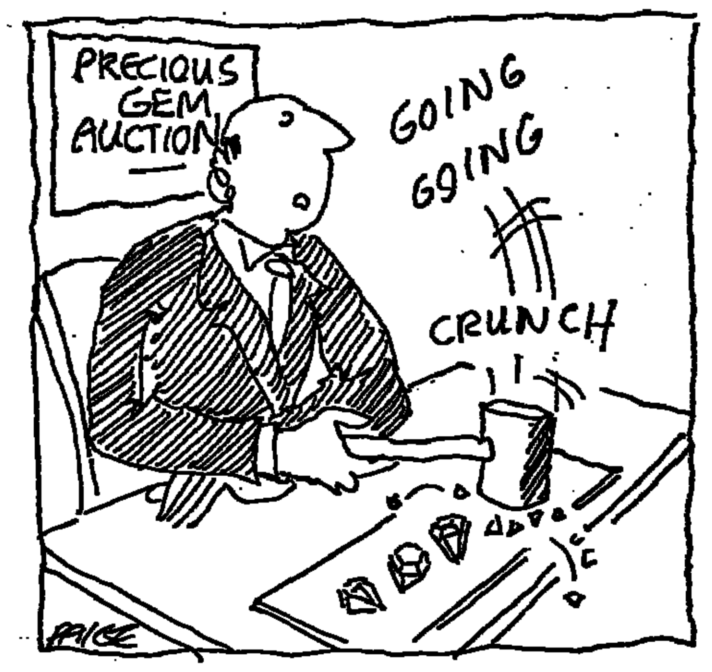
The Bond is available from Monday August 2, but the prospectus and application forms may not be in the Post Offices until the following Monday August 9. So in the intervening week, interested savers either have to contact the bonds office direct (address Bonds and Stock Office, Marton, Blackpool, Lancs FY3 9YPO) or ring Teledata (01 200 0200).

COMPARISON OF RETURNS ON FIXED INTEREST SAVINGS PLANS

	Nil Tax %	30% Tax %	Withdrawal period
Nat. Savings Income Bonds	13.50	9.45	6 months no penalty
Nat. Savings Inv. Acct.	12.00(a)	9.10(a)	1 month
Building Soc. Term Share	9.75	9.75	1 month
Building Soc. Income Bond	10.25	10.75	1 month
Banks deposit acct.	9.00	6.30	7 week
Nat West Income scheme	12.00	8.40	1 month
Life Co. Guar. Inc Bond (b)			
4 years	10.00(a)	10.00(a)	no
5 years	10.20(a)	10.20(a)	withdrawal

Interest paid monthly unless (a) when paid annually
Interest rate varied unless (b) when fixed

When buying 'gems' is crazy



"EMERALDS, rubies, sapphires: It's a buyer's market for everything, now that the bottom has dropped out of the diamond market. Times have never been better for buying gems."

The speaker is sitting next to *you on an aircraft*. He opens his briefcase and draws out beautiful rough-cut rubies which he says are from Thailand. You know something about gems and decide these look like the genuine article. Then he quotes you a price which you know is 30 per cent below the best prices you had been quoted in London.

If you buy, you'd be no more foolish than hundreds of gem enthusiasts, including dealers, who have unknowingly bought one of the astonishingly high-quality synthetic gem stones which have been flooding into showrooms and brief cases around the world.

In emeralds, the Gilson stone from France and the Chatham from America are so near to real emeralds that only a trained specialist can spot the fake. The relatively new Kashan ruby, made by a company based in Texas, has almost the exact physical and optical properties of the Burmese ruby, complete with inclusions (flaws) which only the experienced eye will notice are slightly out of kilter.

The increased number and quality of synthetics means that buying rubies in Thailand or sapphires in Brazil is an even riskier proposition than it used to be. Mr Jean-Francois Moyersoen, editor of Gemstone Price Report and part-time consultant to Christie's, says that buying gems is a "completely crazy idea" for travellers. "It's almost always a rip-off," he says. When he has valued the stones which clients brought back from abroad, he says they were usually "over-priced or synthetics."

But there is nothing synthetic about the sick state of the gemstone market. Prices continue to weaken on the back of the collapse of the diamond market. So, should you be inclined to decorate the fingers and neckline of the one you love, now would be a good time to shop for a bargain.

A one carat Thai ruby, for instance is now selling at around $8,000, down from $14,000 about two years ago. In sapphires, a two carat stone costs about $2,600 per carat, against a peak price of $4,000 a carat in 1980. A one carat *top-quality Columbian emerald* is now about $6,000 compared to $8,000 at its peak. Natural pearls are holding their value, not the least because of the Princess of Wales' marked preference for them.

The best place to buy your gems is at an auction by one of the well-known auction houses. In most cases, discounts of up to 30 and sometimes 50 per cent can be had compared to retail prices. The auction prices are VAT-free and of course, stripped of the retailer's mark-up. "Auctioneers generally take a 10 per cent commission.

Mr Peter Beaumont, the jewellery director at Phillips, a London auction house, said last month his company auctioned off a four carat blue diamond for £22,000. Exactly two years earlier, Phillips had sold the same stone to an American for £40,000. A five carat emerald, he said, went for £7,000 which compares to a range of £10,000 to £12,000 expected two years ago.

Mr Beaumont recommends interested buyers to approach an auction house before the sale in *order to discuss their* interests and the best use of their funds. He cautions that there is no certainty that prices will recover and acknowledges that they may well go lower.

"Still, it is our feeling that there will always be money and interest in gems. If the whole free world economy collapses, you can put these stones in your pocket and run for your life." Or perhaps in less dire circumstances, they will help you to sparkle at the next dinner party.

Carla Rapoport

High prices for some farm land

IN SPITE of the record price increase awarded to farmers in the latest EEC Review, farmland values are still on the plateau they reached about two years ago and while some agents report a new surge of buying interest, this is highly selective and does not match the increasing number of farms and estates which are on offer this summer. There are reports of a number of properties that fail *to sell at auction, and the* prices vary quite enormously according to the grade of land and the situation.

For instance a farm with grade two and three land within reach of London, will make as much as a grade one farm in bracing, some would call it bleak, East Anglia, although the latter would be a much better farming proposition. The institutions do not seem to be such eager buyers as they were a few years ago and it is possible that they, and some individuals would consider selling to cash their profit, now that the spring seems to have left the market.

A feature of the situation is the competition among farmers for parcels of land where buying the whole farm would be *beyond their means. Some very* high prices have been made in this way, with up to £2,500 and even more being made an acre for a 50-acre block, where a farm sold as a whole might not reach that level by several hundred pounds an acre.

Let farms and estates are still favoured by some institutions which seem to be satisfied with a return of around 5 per cent. Rents have risen substantially over the last few years but are unlikely to achieve the same rate of progress in the future. All the same rents are highly variable and there are some properties which could earn larger rents at the next review with a change of owners and land agents.

Rents are determined in many cases by competitive tenders for one of the few farms to let. Once the result of one of these is known it becomes the criterion for setting levels in a whole district, and under present legislation farmers have little chance of resisting similar figures.

This is something the National Farmers Union is attempting to change by bringing the productive efficiency of the holding into the calculations.

It is difficult to justify any marked increase in land prices over the next few years. At £1,500 to £2,000 an acre for ordinary arable farms they seem to be too high for present returns. But on the other hand it is doubtful if they will fall significantly either.

Britain is one of the few countries in Europe, indeed in the world, where there are no restrictions on land purchase by nationals or foreigners. Now that both gold and diamonds have lost their glitter as inflation hedges, what is there left?

John Cherrington

Don't worry, you are not alone

IF YOUR share portfolio is struggling to keep up with inflation, take heart: you are not alone. The regular six-monthly update by stockbrokers de Zoete and Bevan of their long-term study of stock market prices and inflation shows that in real terms share prices are going nowhere very much.

It is true that in the six months to the beginning of July the de Zoete and Bevan equity price index, adjusted for the cost of living, edged up from 148 to 152. But this still represented a decline from a level of 154 on July 1 1981. (These figures, incidentally, are based on January 1 1919=100.)

Inflation may have been slowing down in recent months, with de Zoete's cost-of-living index showing a modest rise in January-June 1982 from 12.5 to 13.1 times the 1919 level. But the equity price index has been unexciting, too.

Looking at the period since the late 1960s, it can be seen that in recent years the inflation-adjusted share price index has been settling down at a level only half or a third as great as was taken for granted in the closing years of the post-war stock market boom.

In the late 1960s and early 1970s the inflation-adjusted index was almost always above 300, and sometimes hovered near 500. Then it tumbled to under 100 in the disastrous 1974 *stock market slide. The recovery* was swift but only partial—the current level of around 150 is fairly typical of the post-1975 period.

However, the overall returns from holding shares have not been too bad in the past few years. While share prices have roughly held their own in real terms, there has also been a decent income, usually of between 5 and 7 per cent. That is a good bit more than can be earned on Granny Bonds, though of course there is a considerable risk in holding equities.

Elsewhere, the de Zoete study brings a modest degree of comfort to those long oppressed investors, the holders of gilt-edged securities. The brokers' Consols Index, based on the prices of undated gilts, showed a rare improvement in the first six months of 1982. The Index rose from 30.9 to 34.4.

That gain has done little, however, to offset the devastation suffered by holders of gilt-edged through inflation over the years. Taking 1919 again as 100, the inflation-adjusted index between January and July improved only from 2.5 to 2.6. (Yes, the decimal point is in the right place: two point six.)

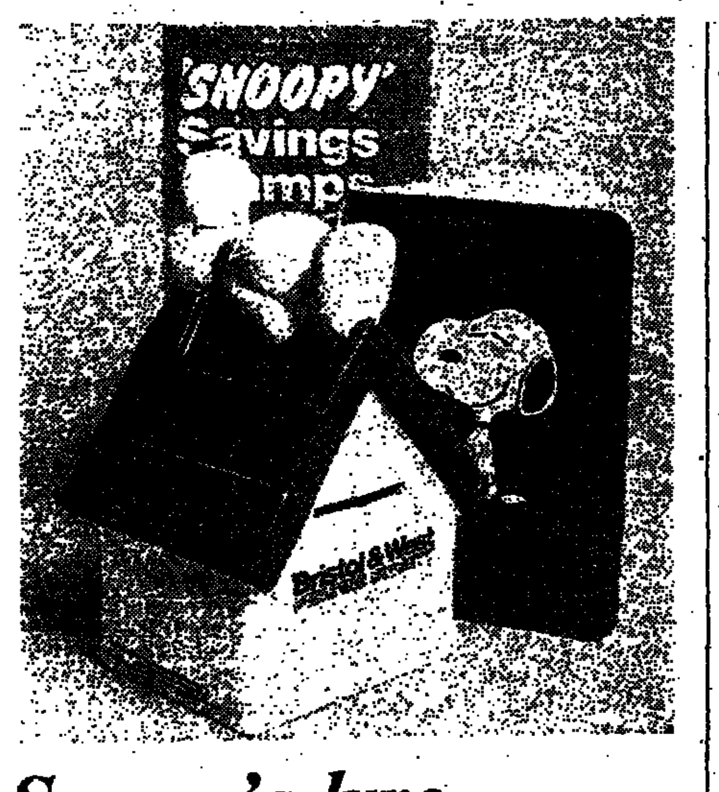
Income is a very important factor with gilts, of course, and a far steadier real performance has been achieved by the notional de Zoete Gilt Fund, which is based upon January 1963=100 with gross income reinvested.

Adjusted for the cost of living, the value of this fund slumped to around 50 in 1975, but has stabilised since then, because gross interest payments have roughly compensated for the erosion of the capital value by inflation.

That is all very well for a pension fund which is exempt from income tax, but the private investor has been taxed on illusory increases in paper wealth which has made gilts a bad investment for him even in the years since 1975.

In the first half of 1982, however, even the private investor has been making money out of gilts. As for the non-taxpaying investor, according to the figures given for the de Zoete Gilt Fund he enjoyed growth in nominal terms of 18 per cent, which boils down to a still reasonable 12 per cent after adjustment for the increase in the cost of living.

Barry Riley



Snoopy's lure

CHILDREN are not normally regarded as having vast amounts of money awaiting investment. The main savings thrust come from the over 45s when family responsibilities usually diminish and there is money left over for investment.

Yet the competition between various banks and building societies to attract children's savings accounts is hotting up.

Recently Barclays has used Kelloggs corn flakes to get their message across. *The Chelsea* Building Society has launched its Chelsea Kids' Scheme. This follows moves from Abbey National with *its Mickey Mouse* Scheme and Cheltenham and Gloucester using the Children's book character, Paddington Bear. But this week Bristol and West scooped the pool for imaginative ideas with its Snoopy Savings Scheme.

For Snoopy, the lovable dog in the Peanuts cartoon is possibly the most famous of all cartoon characters, and likely to attract the attention of children as no other gimmick would. Children can save their coins in Snoopy's doghouse, with Snoopy in his favourite position asleep on top. Or they *can buy 50p* Snoopy savings stamps with a choice of four different designs.

The Snoopy Savings Scheme account is made up once a year on December 1. With the deposit account arriving in the *middle of* that month comes a Christmas card from Snoopy to the saver. The interest rate is ¼ per cent above normal to compensate for interest being added once instead of twice a year.

Most of these schemes are loss makers. The average amount invested by each child is only a few pounds. But banks and building societies are looking *into the future*, following the adage of "catch them young and you have them for life."

Bristol and West have a three-year franchise on all the Peanuts characters in the popular strip cartoon. It is possibly better placed to follow through *the catch them young* adage than most other institutions.

Eric Short

Battle of the trusts

Mr Mark St Giles

UNIT TRUSTS have become big business—very big business. As Mark St Giles, chairman of the Unit Trust Association, reminds us in his introduction to the 1982 Unit Trust Year Book*, the £956m of new units sold in 1981 alone were greater in value than all unit trust funds under management at the end of 1967.

This extraordinary growth makes the fight for market share among major management groups all the more intense. Sales figures for the "industry" as a whole are published monthly but details of where investors are entrusting their money are generally available just once a year.

The accompanying table therefore gives the answer, though changes in position are caused not only by new cash coming in (or going out) but by relative performance. (This depends as much on the number of specialist funds linked to exciting markets as it does on individual managers' skills.)

It is certainly significant that while the five largest groups have all increased their funds in absolute terms, their percentage share of the business has slipped in each case. This seems to contradict a fundamental law of economics that when competition gets tough (which it has in unit trusts over the last couple of years) the market tends to concentrate in fewer hands.

One possibility is that the increase in charges 2½ years ago, gave existing managers more "fat" at a time when new ones were entering the unit trust business. Another is that a market *in which sales are* made largely through intermediaries such as insurance brokers and stockbrokers, rather than through a direct sales force, is by nature a difficult one to corner.

The Yearbook is a good general guide to how unit trusts work, with comprehensive data on individual funds and on performance—though figures go only to the end of last year. The proliferation of funds is bound to baffle many individual investors, which is one reason —another is the price—why the book is likely to appeal mainly to professional intermediaries.

**Financial Times Business Publishing, Greystoke Place, Fetter Lane, London, EC4. Price £12.50.*

Tim Dickson

MARKET SHARE OF UNIT TRUSTS (%)

	1981	1980
Save and Prosper	15.32	18.18
M and G	14.35	14.79
Allied Hambro	8.38	8.55
Barclays	8.4	9.04
Britannia	5.33	5.88
Henderson	4.59	3.13
TSB	4.28	2.77
Hill Samuel	3.7	3.79
Target	2.78	2.29
Schroders	2.77	3.33
Lloyds Bank	2.11	2.24
Tyndall	1.96	2.13
Gartmore	1.88	1.19
National Westminster	1.67	1.90
Guardian	1.58	1.71
Prudential	1.51	less than 1%
Abbey	1.37	1.47
Grieveson	1.35	1.20
GT	1.13	less than 1%
Framlington	1.12	less than 1%

Source: Unit Trust Yearbook

YOUR SAVINGS AND INVESTMENTS—2

Tim Dickson discusses a new study on investment trusts

A gamekeeper turns poacher

ROBIN ANGUS is a good example of the poacher turned gamekeeper—or perhaps, some would argue, the gamekeeper turned poacher.

In August last year Mr Angus moved from the offices of investment managers Baillie Gifford to take up residence at nearby Edinburgh stockbrokers Wood, Mackenzie as an investment analyst. One moment he was managing investment trusts, the next he was assessing their performance from the outside.

Angus' touch is certainly evident in this year's Wood Mackenzie Investment Trust Annual which he has written with the firm's senior investment trust specialist, Mr Hamish Buchan.

Most conspicuously, the two have rallied to the defence of a stock market sector which came under increasing fire over the last 12 months as trust managers such as Touche, Remnant and Robert Fleming were forced by their large institutional shareholders to redefine investment objectives and even to unitise some portfolios.

"Recent criticisms have given us some cause for concern," say the brokers. "There is a good deal of truth in many of them. But others have been unjust."

In particular the Wood, Mackenzie men are anxious to nail what they see as a few myths. There is, for example, the old "problem" of the discount—the difference between a trust's share price and its net asset value.

The brokers argue that there have always been "discounts" in the sector as long as anyone can remember: that shares of other companies (such as banks, insurance companies and property groups) also trade at a discount but that nobody makes much fuss; and that rather than complaining investors should see discounts as an added opportunity to make money by spotting the fluctuations.

The brokers also draw attention to "the fallacy of oversupply." Observers who claim there are too many trusts and that discounts would go away if the glut disappeared (through unitisations, takeovers and so on are oversimplifying the position. Unlike commodities, investment trusts are not uniform in quality, so that demand will vary depending on whether investors find them attractive or not.

"The problem is one of performance, not of supply," says the Annual, hitting the nail firmly on the head.

Referring to the spate of new investment trust issues in 1981—activity here was on a scale not seen since the early 1970s—the Wood MacKenzie Annual talks about the "hypocrisy of the institutions."

There is a "curious but familiar institutional practice," say the brokers, "of first underwriting and subscribing for new issues and then holding up pious hands in holy horror at the greed and opportunism of the trust managers who have launched them." This is certainly a fair criticism but stockbrokers which sponsored the issues are equally guilty for the pressure brought on clients to underwrite.

Looking at price performance over the last five years, the Annual notes that while the sector failed to outperform the Financial Times All-Share Index over the period, it beat inflation and, just as significantly, unit trusts. Investment trust prices rose by 98.5 per cent, against unit trust price growth of 87.5 per cent in the period 1976-71.

Since unit trusts outperformed (investment) trust assets, this shows that the much-maligned discount on investment trusts can on occasions have its advantages where making money is concerned.

The table shows the top and bottom ten unit and investment trusts over the last five years.

Unit Trusts vs Investment Trusts — 1976-81

UNIT TRUSTS: Trust	Price Total Return %	INVESTMENT TRUSTS: Trust	Price Total Return %
Top 10		**Top 10**	
MLA Trust	+389.8	Atlantic Assets	+394.4
M & G Recovery	+344.9	Berry	+385.3
Perpetual Group Growth	+336.6	Viking Resources	+376.1
Allied Hambro Smaller Cos.	+318.2	Northern Securities	+363.6
Framlington Internat. Growth	+307.6	North British Canadian	+351.9
Key Small Companies	+299.3	Scottish & Mercantile	+344.6
Framlington Capital	+293.4	Moorgate	+300.2
Allied Hambro 2nd Smaller Cos.	+280.1	RIT & Northern	+299.7
Mercury General	+274.8	Updown	+273.9
Henderson Capital Growth	+273.2	'Investing In Success'	+268.4
Bottom 10		**Bottom 10**	
Schroder Europe	− 3.5	Montagu Boston	+ 33.7
Midland Drayton American	+ 5.4	Drayton Premier	+ 57.2
Barclays Unicorn America	+ 10.4	Atlanta, Baltimore & Chicago	+ 66.7
S & P European Growth	+ 14.4	Drayton Consolidated	+ 72.6
Key Fixed Interest	+ 22.9	U.S. Debenture	+ 76.0
Barclays Unicorn Worldwide	+ 24.3	Raeburn	+ 79.0
Ridgefield International	+ 27.0	Scottish United	+ 79.2
Intel Income & Growth	+ 29.1	City & Foreign	+ 79.2
Target Gilt Capital	+ 34.1	Scottish Eastern	+ 79.5
Grieveson Grantchester	+ 35.7	Securities Trust of Scotland	+ 79.5

Imperial Greek coins at £10 to £50

COIN collectors already owe a very considerable debt to David Sear for compiling the two-volume catalogue entitled "Greek Coins and their Values" and the companion work "Roman Coins and their Values." These popular general handbooks, between them, cover the larger and certainly the more fashionable part of the classical coinage. Now he has produced a third handbook "Greek Imperial Coins and their Values" (Seaby, £27.50) which provides the collector with the only comprehensive and authoritative guide to the local coinage of the Roman Empire issued by Greek cities and colonies throughout the Mediterranean area.

This coinage, as the somewhat contradictory and unsatisfactory term "Greek Imperial" implies, has tended to fall between two stools — neither Greek nor Roman in the widely accepted sense and yet belonging to both. The coins themselves have been largely neglected by dealers and collectors alike, while only the more spectacular rarities have, in the past, been considered worthy of the attention of the salerooms. Perhaps also the fact that the great bulk of these coins were struck in base metal explains their neglect, a situation which also applied at one time to the coins of the Byzantine Empire. Interest in Byzantine coins was considerably stimulated following the publication of a Seaby catalogue devoted to them and I have every confidence in a similar upsurge of interest for Greek Imperial coins in the not too distant future.

Greek coinage gradually petered out in the first century BC as the Hellenistic kingdoms fell to the Romans. Following the collapse of the Achaean League in 146 BC silver coins were confined to a very few cities. Athens was subdued by Sulla in 88 BC but because of her pre-eminence as the custodian of Greek culture was permitted to continue striking her familiar "owls" for a further 60 years, even though her commercial importance was sadly impaired by the destruction of the port of Piraeus. Even the Emperor Augustus, who reorganised the coinage used throughout his vast dominions, did not dare to suppress the coins of Athens. In the end, however, the silver lodes of Laurium were exhausted and the last diminutive drachmae were struck in 25 BC—a rather pathetic and ignominious conclusion to almost 600 years of continuous silver production.

Under the Roman Empire many Greek cities were allowed to strike bronze coins for local circulation. The fabric and appearance of these coins had a certain uniformity; usually a profile of the emperor on the obverse and an allegorical subject of local importance on the reverse. Inscriptions on these coins continued to be rendered in Greek, with appropriate local versions of Roman titles, such as "autocrat" for "emperor" and Sebastos instead of Augustus. Particularly interesting are the often grandiloquent epithets by which the issuing cities liked to describe themselves — "illustrious" Damascus, "brilliant" Syedra, or "greatest and best" Nicaea, while other places used adjectives alluding totheir naval or religious imp rtance.

Greek Imperial coins spanned a period of three centuries from Augustus to Diocletian and were issued at over 600 mints from Spain in the west to Iraq in the east. While the obverse of these coins tended to bear the profile of the emperor there was a tremendous diversity in the motifs featured on the reverse— far greater than that found on the Roman State coinage with which it co-existed. Sometimes the emperor was depicted on the reverse, on horseback or seated on a throne. More often buildings, statuary, landmarks and local deities were depicted. Many coins were issued in celebration of local events, sports meetings and religious festivals. The names of moneyers, magistrates and other local functionaries feature prominently in the inscriptions and shed light on the organisation of local government in the Roman Empire, particularly in the eastern provinces.

In addition to the Greek Imperial coins with their vast array of portraits of emperors and empresses, there is a substantial group known as the quasi-autonomous coinage. As a special concession the Roman government allowed certain cities to omit the name and portrait of the emperor from their local coins. Then there is the much smaller group consisting of the coins issued by client states on the fringes of the Roman Empire. These ranged from the Celtic tribal kingdoms of Britain to the petty states of Parthia and the Black Sea coast and included the coins issued during the two Jewish revolts.

With the exception of some silver tetradrachms and shekels of the latter, for which demand is understandably very keen, Greek Imperial and associated coinage is relatively inexpensive and most of the 6,000 coins listed in this catalogue are in the £10-£50 price range. With more than 1,750 illustrations and exhaustive tables of inscriptions, the book provides an invaluable guide to this fascinating subject. Mr Sear is to be congratulated for attempting to establish realistic valuations in a section of the market where the vagaries of supply and demand have been more than usually capricious.

James Mackay

Looking at the variable life concept

A SOMEWHAT surprising advertisement appeared in yesterday's Financial Times from Abbey Life—a leading unit linked life company. Instead of extolling the investment performance of its various funds—the usual theme of most life company publicity—this advertisement carried the dramatic headline "If the Breadwinner dies the Average British Family has less than a year to survive."

Many families in the UK still have insufficient life cover to provide the financial protection needed should the breadwinner die. And despite vast pressure from the various welfare organisations, the benefits provided by the social security system in the UK are still pitifully inadequate.

But this situation is by no means a new one. The UK has always been regarded as underinsured, though the official statistics have never conveyed the exact position. These statistics tend to be confined to quoting monetary figures for the average amount of life cover per country. Abbey Life made the statistics much more meaningful by showing how long the amount of life cover would support a family. The findings are shown in the table.

One can find plenty of explanations for underinsurance in the UK. The public by and large is just not prepared to talk about death. Savings and investment are more interesting to a public much more motivated by greed rather than need. And the life companies and their representatives have orientated their contracts and their sales approaches to savings rather than protection.

This point comes over clearly in an article in these columns by Carla Rapoport, who describes her experiences with a life salesperson.

Thus the situation arises where provided a life contract offers some life cover—and they have to provide a minimum level in order to qualify for the life assurance tax relief—the average saver is contented.

The life companies themselves are not entirely blameless in this respect. Their contract design has been to divide plans into two separate categories—savings and protection. And the sales pitch has been to sell savings and top up with protection in cases where the saver is "clued up" enough to ask for life cover. Protection plans have been designed in the days of mild inflation with fixed levels of cover and have proved quite inadequate to meet the eroding effects of inflation.

But one outstanding feature in UK life assurance over the past decade or so has been the growing development of contracts designed to meet the needs of the consumer. Most of these efforts have been concentrated on savings plans which maximise investment and minimise tax liability. This professionalism has in the past couple of years or so been turned to protection policies. And like many inventions, the product produced — the variable life plan — is extremely simple in concept and design.

The breadwinner, conscious of the need for life cover, should first decide how much life cover would be required to support his family. Then he decides how much from his income he can afford to put aside into life assurance. He hopes the amount that can be put aside will be more than sufficient to meet that cost of life cover, leaving the remainder to be invested in a savings scheme.

But investors need change. A married man with a young family has need of high life cover and cannot afford much in the way of premiums. Later in life when the family has grown up, the life cover needs decline (but never disappear) and the amount that can be set aside correspondingly increases. The variable life concept copes admirably with these changing circumstances.

Under this plan, the policyholder selects his level of life cover and amount of premium he can afford. The cost of the life cover, and the expenses, are deducted from the monthly premium and the remainder is invested in one of the funds managed by the life company.

Each year, the policyholder has the option to vary the level of life cover, both decrease and increase, and the amount of premium paid, within the limits set by the qualifying legislation.

Thus the policyholder can increase the cover and keep the premium unchanged leaving less for savings. Or decrease the cover and keep the premium unchanged thus accelerating savings. Or he could increase both cover and premium. The policyholder can always keep his cover and premium up to date to allow both for inflation and for changing circumstances.

The plan provides complete flexibility in a manner never before seen with whole life plans. In the usual traditional format, there was a fixed cover level, which rose with bonus declarations if it was a with-profits contract. But premium was fixed and to increase it required affecting a new policy.

The variable protection concept was first introduced in the UK by Hambro Life and the company has found it to be by far its best selling life product. But, as usually happens to most innovations, other life companies have improved on the design, making it more flexible and easier to understand.

Skandia Life produced the prototype for the present style. Abbey Life launched its version early this year and sold £7½m by the end of June. Now Standard Life has introduced its version from its linked subsidiary to go alongside its traditional whole life product.

The variable protection concept could be the life policy of the 1980s simply because it provides protection and savings under one contract and is one policy throughout an investor's life. It could be made even more flexible if the Revenue relaxed its qualifying conditions which are somewhat illogical.

But to get the maximum benefit from these contracts, the policyholder has to review his situation each year. It is not a policy that can be left in a bureau drawer and the premiums paid each month by direct debit without a second thought. It would be a pity if investors through their usual apathy treated this policy like any other life contract and left their widows to find that the life cover proved eventually to be inadequate.

COMPARATIVE NATIONAL LIFE COVER IN TERMS OF MONTHLY INCOME

Country	Average cover level £	No. of months' income provided by the cover
Japan	16,951	36
U.S.	11,774	22
Sweden	8,377	22
Australia	7,249	18
France	5,849	17
UK	4,910	11
West Germany	4,056	7

Source: Abbey Life

Eric Short

Questions about Acorn

Glenn Copus

FOR SOME reason, I rarely notice my surroundings when on the street, so I'm fairly easy prey for people carrying notepads with questionnaires. A few days ago, a young woman with a ponytail and a freckled face descended upon me and began inquiring about my savings habits.

Her questions were innocuous enough until she got to number four: "Do you think women should still have some financial independence even when they marry?"

Like most working women, financial independence is as dear to me as my pay packet. I asked for a copy of her questionnaire and took it back to the FT office. The young woman represented Acorn Growth Associates and her questions were aimed at getting me to sign up for an "easy flexible savings plan," which earned a "'Government rebate" of £2.12 for every £12 saved.

I phoned the number on the questionnaire and spoke to a young woman called Millie. She told me that men get a better deal than women in the financial world and Acorn offered a special savings scheme just for women. I asked about this rebate from the Government.

"The Government wants to encourage people to save. For example, if you save £20, the Government gives us £3. You don't have to be working to get it. It is for everybody. It's like a gift."

Pressed for details, Millie admitted she wasn't sure how the scheme worked, but said it was called "tax relief."

When I asked if she wasn't selling a life insurance policy, she said, "Yes, we do throw in a life cover charge," but seemed unaware of the fact that this provided the tax relief. She said my money would be invested in one of Acorn's seven funds and added that the whole thing would be "very complicated" to do by myself.

In answer to a question about the funds, she advised the equity fund. "It earns 16 per cent," she said, adding that stocks and shares are "probably the best investment" because they "grow all the time —they grow faster than inflation."

I somehow got the impression that Millie would not know the FT All-Share index if it hit her over the head. The Acorn questionaire states that its saving scheme is offered in conjunction with Property Growth Assurance, a subsidiary of the Phoenix group, so I called PGA.

I spoke to Mr Mike Austen, marketing and agency manager of PGA, who was delighted to talk about the funds. Equities, he said, had shown a growth of 7.3 per cent over the last 12 months. Where had the 16 per cent figure come from? Since its inception in May, 1974, assuming regular monthly contributions, the equity fund had registered a 16.4 per cent growth rate per annum.

Mr Austen noticeably lost enthusiasm when the name Acorn came up. A third of PGA's business is through "tied" agencies, of which Acorn is one. He stressed Acorn is wholly-owned by Acorn and earns commissions from PGA on the basis of performance. He said there had been complaints about Acorn and it no longer completes contracts on the street.

"Acorn is a concept thing, it's for the ladies. They help arrange mortgages, that sort of thing," he said.

Nowhere in the glossy Acorn booklet does the company explain that the life policy aspect of the scheme means tying up your money for several years, and only makes the most delicate of references to the life cover. In a supporting booklet, under the title of "technical information," the company states that it reserves the right to determine the surrender value of each plan and may delay payment for up to five months on encashment of certain funds.

I asked Mr Tony Manson, managing director of Acorn, whether the Acorn scheme might be preying upon the presumed ignorance of its potential customers.

I don't know Mr Manson and he doesn't know me, but he insisted on calling me by my first name throughout the conversation. "You see, Carla, we try to simplify it—to make it simple for our young ladies. You go along to see someone in their 20s and say tax relief—how many people understand tax relief?"

As for Millie's expertise, he said the sales people get a three-day training course but have no other qualifications. "You can't really control what goes on in the field." He said the company safeguards itself from intentionally misleading someone by hiring "ordinary people to do the selling."

Mr Manson said the scheme was designed to help women, who he said can still be discriminated against by building societies.

Nevertheless, he's actively considering starting an Acorn scheme aimed at young men.

Somehow, however, I doubt if one of my colleagues will be stopped before long and asked if he thinks men should still have some financial independence even when they marry.

Carla Rapoport

Is now the time to sell gilt-edged?

IS IT time to sell gilt edged stock? This must be a question on many lips after a period in which fixed interest securities have significantly outperformed equities and brought a much-needed smile to the faces of long-suffering private investors.

Since the beginning of the year the Financial Times Actuaries British Government All Stock Index has powered ahead by around 24 per cent while at the longer end of the market gains have been nearer the 30 per cent mark. Over this time the FT-Actuaries All Share Index has moved up by a more sedate 8.4 per cent.

A quick look at the table will show that those tempted to invest in gilts via the unit trust route have not shared equally in the spoils. The table, of course, covers the last half of 1981 when the market behaved in a rather more uneven fashion.

The last 12 months have thus proved a testing time for the managers of gilt funds and it is perhaps significant that two insurance company funds have come out on top. Insurance groups as a rule have large chunks of their life funds tucked away in the gilt edged market but they also know that money can be made by active trading. It is also noteworthy that the top funds generally offer a low yield; those at the bottom have been going for a high income.

When prices are going up it is generally accepted that a fund will be hard pushed to do better than the market as a whole. If prices fall, on the other hand, the shrewd manager can move his portfolio completely into cash, thereby protecting the value of unitholders' capital. This is what seems to have sorted out the men from the boys.

John Tickle, an investment manager at Legal and General, thinks there is "still a bit more to squeeze out of the gilt market this year but the ride is not going to continue for ever."

The £1½m Legal and General Fund is actively managed and stayed out of gilts for some time after it was launched in April last year.

"We came in last autumn and have been pretty fully invested since then. We have switched quite a few stocks around at the long end of the market," adds Mr Tickle.

Over the short term he is impressed by prospects for inflation and feels the Government Broker's recent "taplets" and tranches "are meeting a market demand."

"Longer term, however, " the time will come when we will have to turn cautious. Inflation cannot go on falling indefinitely and the prospect of an election next year will start to make people nervous."

Richard Bowles, who manages the £5.75m Manulife Gilt Fund, admits that "it must be a temptation for investors to sell.

"The market is getting a bit overcooked at the moment and I think those who hope for dramatic changes in interest rates could be disappointed.

"Although inflation and the outlook in the U.S. are both still favourable we are getting a bit cautious and the next step may be to sell stock."

Like Legal and General, the Manulife Fund is actively managed and the managers are not afraid to move to the short end, or completely out of the market if necessary. "When we launched the fund we said that the important thing was total return. We did not think it right to restrict ourselves to a high yield."

Unit trusts were first allowed to offer tax efficient gilt edged funds in 1980 and as with any new idea subsequent promotion has been hyperactive. To date the 32 gilt eged unit trusts available have pulled in a cool £182m.

After the long wait for a decent bull market—which had to happen some time—it was instructive to hear one group of unit trust managers this week bemoaning the fact that the recent buoyant performance of their fund had not attracted much new money.

Unit trust managers have a not so honourable history of encouraging new investors at the top of the market. It is good to know that investors are no longer so easily fooled.

GILT UNIT TRUSTS: BEST AND WORST PERFORMERS JULY 1 1981 TO JULY 1 1982

FUND	% Growth (Offer to bid, inc. net divs)
TOP TEN	
Legal and General Gilt	35.6
Manulife Gilt	25.4
Mercury Gilt	23.0
Allen, Harvey and Ross	16.6
S and P Gilt Growth	14.2
Hill Samuel Gilt Growth	13.8
M and G Gilt	13.4
Allied Hambro Govt. Secs.	12.8
Prolific Capital Growth	12.3
Fidelity Gilt	11.8
BOTTOM TEN	
Craigmount Gilt	−2.7
Henderson Gilt	−0.6
Framlington Conv. and Gilt	5.2
Abbey Gilt	6.1
Target Gilt Income	6.5
Target Gilt Capital	7.3
Midland Gilt	7.4
S and P Gilt Income	8.4
Arbuthnot Gilt	9.2
Barrington Gilt	9.8

Source: Premier Unit Trust Brokers

Tim Dickson

The taxman sifts through his files

THE TAXMAN is planning a major weeding out of his 27m files on taxpayers. The Inland Revenue believes that after years of religiously filing all letters, much of the material is retained unnecessarily.

Though this is a sentiment with which most people would not argue the sifting will only relate to those individuals under PAYE arrangements who are not required to make a return annually. Removal of all their small and uncontentious items is expected to reduce the files held at the 800 tax offices around the country to such an extent that some £5m a year could be saved on space and staff time.

In addition, it should help to improve the speed of service and eventually should facilitate the intended move to computerisation.

The majority of people affected will probably not take any notice of the change but—for those who believe there is a good reason why their files should be kept intact—the tax authorities have prepared a consultative paper setting out the nature and effect of the proposals.

Copies of this may be inspected in the Inland Revenue's library reference room, at Room 8, in the New Wing, Somerset House, Strand, London WC2 1LB. Alternatively 30p will obtain a copy through the post.

Chris Cameron-Jones

FINANCE AND THE FAMILY

Compensation for watch

BY OUR LEGAL STAFF

At the beginning of December 1981 I took my gold watch on a gold bracelet, which the jeweller valued at about £425 retail, to be repaired. In March 1982 I was told that the watch had been lost. The Post Office finally agreed to pay compensation and have offered to replace the watch with one of a similar retail value. Having another perfectly good watch and having managed without the lost watch for seven months I prefer to take the compensation in cash. The Post Office say they will only pay to the jeweller the trade value of the watch, £225, in cash. Am I entitled to the full retail value of the watch in cash?

The compensation payable by the Post Office is a matter between your jeweller and the Post Office and depends on the terms of their contract. It may well be that only the trade value of the watch is payable to the jeweller. If the loss occurred in circumstances which entitle you to claim damages from the jeweller you could insist on the value to you of the watch, ie its retail value as the measure of your damages, and you need not accept another watch in lieu. But if you have no claim in damages you should accept a watch or whatever sum the jeweller can get from the Post Office.

Close companies merger

My wife and I are the only directors and shareholders of two small limited companies, each company holding two blocks of lock-up garages as fixed investments for benefit of income rental and capital appreciation.

The plan for expansion of the companies necessitating two companies, not having been realised, we should like to merge the two companies to reduce needless book-keeping and administration and accountancy.

We understand that this is to be achieved by following an appropriate procedure through the courts, which would not attract an assessment to CGT (the value of the properties having substantially increased since acquisition), and that the usual procedure would cost some £1,500-£2,000.

We have heard alternatively that a group might be formed by share exchange, the properties transferred to the parent, allowing the subsidiary(s) to lapse, and subject to Revenue clearance the transaction would be relieved from liability under Sec. 85 CGT 79, the consideration for relief under SEC. 8. Further, that this procedure should be less expensive as a merger arrangement than the former possibility.

However, is there any way, given Revenue clearance, in which our object might be achieved more simply. For example, could we not have one of the companies issue shares in exchange for the shares of the other company, and then have the assetless company struck off?

The companies' auditors are best placed to advise you, from their knowledge of the full background facts (as well as the tax and company law).

From what you say, however, the simplest solution appear to be for one company (A) to acquire the other company (B) by means of a section 85 share exchange. The assets of the subsidiary company (B) could then be transferred to its parent (A), with the benefit of section 273 of the Taxes Act.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Provisions for pensions

My husband and I are both 44. I am a teacher earning approximately £9,000. My husband is self-employed earning £4,500 last year after expenses.

I belong to the teachers' (compulsory) superannuation scheme but my husband does not belong to any pension scheme. This has concerned us for some time. But we have been very indecisive, as anyone who can give us advice eg the bank or insurance agent is not disinterested. So we have made no provision for his pension (apart from the national insurance scheme). One other concern is what provision can we make for any illness my husband may have? We feel very insecure because of these two problems. (We have just moved to a new house which cost £42,500 and have a mortgage of £23,000 from a building society to be paid back in 25 years.) Could you please advise us?

From your letter it would appear that your priority should be to ensure that you have enough life cover to pay off the mortgage in the event of your deaths. Each can insure the life of the other by means of low cost term assurance for which the Phoenix Assurance Company is the market leader.

Protection aginst the risk of inability to earn through disability or long term chronic illness can be obtained by a Permanent Health Insurance (PHI) policy. Premiums are lowest if you can survive the first six months or one year because if benefits only start after a year's incapacity the risk is low and the premiums are very much lower than if the insurance company has to pay out a lot of claims for short term sickness. The market leader here is National Employers Life in Dorking.

As regards self-employed retirement policies an insurance company with a consistently good track record is Equitable Life which has been in existence for 200 years and pays no commission. Their head office is in Coleman Street, London EC2.

Mortgage tax relief

Can you advise me on the tax position in the following example?

(a) Husband and wife elect for separate taxation.

(b) Besides having a mortgage on their own home, they wish to buy a house for an elderly widowed mother.

(c) Their own mortgage is above £25,000.

Would any tax relief be allowed on the interest paid on the house for the widowed mother?

You and your wife combined can only obtain relief on a total sum of £25,000. Separate taxation makes no difference. Any one person can obtain relief up to £25,000 and two people, not spouses, living in the same could obtain relief.

Exemption from CTT

In a reply under Exemptions from C.T.T. (May 29) to a man who with his wife suggested giving parts of the value of his house to his son by way of a charge or mortgage to the value of £6,000 each year, you wrote: "A series of assignments of equitable interests in the house, not exceeding £6,000 in value in any one year is more likely to be successful." Would it be able to take advantage of this to pass my house gradually to my three children? Would such transfer of equity give rise to a C.G.T. liability?

You can adopt the scheme of a series of assignments, but the value of each annual gift should not exceed £3,000 per donor. Capital Gains Tax would be incurred on each transfer. We must remind you that the efficacy of the scheme is yet untested.

No element of gift

My father died last May (81) and we agreed to build a "Granny" extension onto their house so that we could all live there. Since the property was owned jointly, upon my father's death it passed to my mother. It was also agreed that my husband and I would buy our half of the property from my mother but that that sale would have to await sale of our own house to raise the necessary funds (about £40,000 for our half). The extension was completed last December at an approximate cost of £20,000 of which we paid half directly to the builders. We moved in at that time but our own house has remained unsold to date. We have now been advised that the £10,000 we paid to the builders prior to April 6 may be seen as a capital transfer to my mother, my mother's estate being larger by that amount and thus incurring extra C.T.T. and us owning less than half the house with similar consequences. The money was in fact part payment for our half of the house. Would it be advisable to confirm this with a legal document (say as a deposit) or would it be more acceptable to the tax authorities if it were a loan which mother could repay now and then when we have sold our own house we would pay her half the new value (with extension)? Could you also advise us of the position regarding Stamp Duty on part-purchased property? Does the "exempt" value apply to our half?

You should characterise the £10,000 payment as a deposit and/or part payment of the purchase price for the half share in the property, paid in consideration of your being allowed into occupation. There should then be no element of gift. The reduced rates of stamp duty would apply if you are able to give the appropriate certificate for the property sold, ie, the half share, and again on later sales or gifts of parts; but the present limit of reduced rates is £35,000.

The Association of Investment Trust Companies

THE INVESTMENT TRUST TABLE

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Total Assets less current liabilities (1) £ million	Company (2)	Share Price (3) pence	Yield (4) %	Net Asset Value (5) pence	UK (6) %	Nth. Amer. (7) %	Japan (8) %	Other (9) %	Gearing Factor (10) base=100	Total Return on N.A.V. over 5 years to 30.6.82 (11) base=100
	as at close of business on Monday 19th July 1982				*as at 30th June 1982* — Geographical Spread					
	VALUATION MONTHLY									
215	Alliance Trust	299	5.4	415	50	40	4	6	97	175
3	Atlanta, Baltimore & Chicago	72	2.0	82	17□	83	—	—	91	128
166	British Invest. Trust	189	7.0	259	65	28	6	1	88	157
56	First Scottish American Trust	126	5.5	169	61	27	11	1	100	163
106	Investors Capital Trust	103	4.4	148	43	38	12	7	96	152
6	New Darien Oil Trust	53	0.4	63	4	81	—	15	92	†
66	Northern American Trust Co.	140	5.2	184	60	27	11	2	103	165
24	River Plate & General Invest. Trust	114	6.9	151	75	11	—	14	98	202
14	xSave & Prosper Linked Invest. Trust	98	—	189	100	—	—	—	163	137
177	Scottish Invest. Trust	131	5.0	184	42	35	10	13	99	166
74	Scottish Northern Invest. Trust	90	5.7	131	63	32	2	3	107	178
129	Scottish United Investors	60	4.5	68	35	41	9	15	99	152
71	Second Alliance Trust	251	5.2	360	51	38	5	6	99	175
4	Shires Investment	123	13.7	146	100	—	—	—	87	147
108	United States Debenture Corporation	116	7.3	154	72	28	—	—	101	†
3	West Coast & Texas Regional	81	2.3	94	14□	86	—	—	95	122
	Baillie Gifford & Co.									
185	Scottish Mortgage & Trust	160	4.7	218	36	45□	11	8	98	166
80	Monks Invest. Trust	69	5.0	97	36	36	17	11	102	166
14	Winterbottom Energy Trust	47	2.0	53	—	93	—	7	100	115
9	Baillie Gifford Japan	73	0.0	85	—	—	100	—	79	†
3	Mid Wynd International Invest. Trust	49	5.0	67	20	48	19	13	97	†
	Baring Bros. & Co. Ltd.									
54	Outwich Invest. Trust	62	5.2	92	61	18	10	11	109	176
35	Tribune Invest. Trust	97	4.6	136	40	37	10	13	100	165
	Drayton Montagu Portfolio Mngt. Ltd.									
8	British Indust. & Gen. Invest. Co.	135	5.3	168	49	15	21	15	93	†
4	City & Foreign Invest. Co.	73	0.0	90	8	92	—	—	80	130
84	Drayton Consolidated Trust	156	7.2	237	64	17	8	11	79	†
12	Drayton Far Eastern Trust	57	3.1	71	15	8	46	31	77	157
59	Drayton Japan Trust	148	2.9	214	24	29	36	11	68	143
94	Drayton Premier Invest. Trust	200	7.7	296	66	16	11	7	88	133
17	English & International Trust	105	7.8	155	64	19	8	9	95	†
7	Montagu Boston Invest. Trust	61	2.9	68	10	90	—	—	75	†
18	xCity & Commercial Invest. Trust	256	—	334	94	3	3	—	142	†
16	xDualvest plc.	457	—	582	83	9	1	7	127	173
14	xFundinvest plc.	121	—	167	92	3	4	1	128	185
44	xTriplevest plc.	336	—	504	78	9	1	12	124	†
	East of Scotland Invest. Managers Ltd.									
61	Aberdeen Trust	139	6.5	180	81	16	1	2	102	172
	Edinburgh Fund Managers Ltd.									
78	American Trust	62	5.2*	84	39	60	—	1	100	167
20	Crescent Japan Invest. Trust	256	0.8	294	—	—	100	—	97	172
18	General Scottish Trust	61	7.2	82	63	25	7	5	96	182
3	New Australia Invest. Trust	70	2.9	65	—	—	—	100	101	†
11	New Tokyo Invest. Trust	102	0.0	108	1	—	99	—	97	†
9	Wemyss Invest. Trust	350	8.2	420	53	29	—	18	84	137
	Electra House Group									
361	Globe Invest. Trust	130	8.7	184	63	24	5	9	96	185
45	Temple Bar Invest. Trust	61	9.3	77	95	4	—	1	98	171
	F&C Group									
32	Alliance Invest. Co.	90	4.7	123	58	18	15	9	111	209
32	Cardinal Invest. Trust	84	5.6	121	60	15	5	20	108	186
6	F&C Eurotrust	48	4.3	61	16	1	—	83	114	112
270	Foreign & Colonial Invest. Trust	60	4.8	86	51	26	14	9	113	176
42	General Investors & Trustees	82	5.8	117	60	14	4	22	106	190
	Robert Fleming Investment Mngt. Ltd.									
17	Claverhouse Invest. Trust	132	7.7	171	99	—	—	1	99	216
16•	Crossfriars Trust	118	7.9	161	100	—	—	—	92	200
11	Fledgeling Investments	71	4.4	86	89	10	—	1	99	306
52	Fleming American Invest. Trust	230	2.5	301	43	54	—	4	84	149
83	Fleming Far Eastern Invest. Trust	112	1.7	158	43	1	45	11	94	173
37	Fleming Japanese Invest. Trust	171	1.5*	237	48	5	44	3	77	170
134	Fleming Mercantile Invest. Trust	57	6.8	82	51	31	7	11	105	179
49	Fleming Universal Invest. Trust	154	5.6	221	63	19	4	9	99	170
65	London & Provincial Trust	177	4.6	207	59	25	6	10	98	162
43	Technology Invest. Trust	155	4.6	215	61	29	9	1	102	180
98	United British Securities Trust	151	6.6	220	39	32	16	13	90	162
30	United States & General Trust Corp.	308	6.0	365	75	16	5	4	94	165
	GT Management Ltd.									
34	Berry Trust	157	1.5	181	40	29	14	17	113	244
9	GT Global Recovery Invest. Trust	65	7.6	79	60	24	2	14	106	†
22	GT Japan Invest. Trust	291	3.2	312	5□	—	88	3	106	207
11	Northern Securities Trust	222	3.2	290	51	29	8	12	102	218
	Gartmore Investment Management Ltd.									
10	xAltifund plc.	180	0.3	235	91	2	3	4	124	229
22	Anglo Scottish Invest. Trust	63	5.4	90	54	34	5	7	103	172
36	English & Scottish Investors	62	4.2*	87	54	31	5	10	98	189
11	Group Investors	101	4.4	135	49	43	4	4	102	195
8	London & Gartmore Invest. Trust	115	1.9	143	30	36	7	27	127	156
12	London & Lennox Invest. Trust	45	6.3	62	53	37	—	10	102	161
28	London & Lomond Invest. Trust	104	5.5	145	72	25	1	2	96	171
16	London & Strathclyde Trust	74	4.2	89	63	28	—	9	111	166
20	Meldrum Invest. Trust	74	6.7	100	91	6	—	3	100	223
	Gartmore Investment (Scotland) Ltd.									
102	Scottish National Trust	103	4.8	143	59	25	5	11	107	166
25	Glasgow Stockholders Trust	75	4.6	101	56	32	—	12	109	186
	John Govett & Co. Ltd.									
115	Border & Southern Stockholders Trust	78	5.1	111	59	18	15	8	96	163
16	General Stockholders Invest. Trust	146	4.5	198	49	38	8	5	97	149
85	Lake View Invest. Trust	133	4.5	177	46	10	25	19	102	164
84	Stockholders Invest. Trust	129	4.1	177	35	50	9	6	97	158
	Hambro Group									
32	Bishopsgate Trust	86	5.8	126	59	32	6	3	104	179
6	City of Oxford Invest. Trust	103	7.7	141	100	—	—	—	172	218
72•	Hambros Invest. Trust	81	5.3	121	50	43	4	3	106	215
8	xRosedimond Invest. Trust	150	—	191	100	—	—	—	—	203
	Henderson Administration Ltd.									
172	Witan Invest. Co.	70	4.3	96	57	25	12	6	102	179
30	Electric & General Invest. Co.	106	3.6	154	51	34	8	7	100	172
9	Greenfriar Invest. Co.	168	2.0	226	55	23	9	13	108	217
9	Lowland Invest. Co.	93	6.9	117	91	2	—	7	97	230
	Philip Hill (Management) Ltd.									
31	General Consolidated Invest. Trust	118	7.9	161	68	26	—	6	93	185
186	Philip Hill Invest. Trust	137	7.3	188	75	21	—	4	95	204
8	Moorgate Invest. Trust	136	6.8	178	89	7	—	4	92	250
45	Nineteen Twenty-Eight Invest. Trust	89	7.6	120	58	37	—	5	96	157
	Industrial & Commercial Fin. Corp. Ltd.									
14	London Atlantic Invest. Trust	91	7.8	121	74	12	—	14	92	202
9	North British Canadian Invest. Co.	114	6.4	135	93	3	—	4	100	279
	Ivory & Sime Ltd.									
†	Atlantic Assets Trust	57	0.6s	†	†	†	†	†	†	†
123	British Assets Trust	92	6.8	124	38	55	—	7	103	166
†	Edinburgh American Assets Trust	98	1.3	†	†	†	†	†	†	†
†	Independent Invest. Co.	136	0.5	†	†	†	†	†	†	†
6	Japan Assets Trust	16	0.9s	21	2	—	98	—	92	†
35	Viking Resources Trust	68	1.7	77	9	88	—	3	116	205
	Kleinwort Benson Investment Mngt. Ltd.									
39	British American & General Trust	51	7.0	70	51	37	7	5	93	160
39	Brunner Invest. Trust	75	5.9	103	49	38	7	6	96	191
49	Charter Trust & Agency	74	6.7	105	56	33	7	4	102	168
59	English & New York Trust	92	6.4	130	57	32	5	6	84	155
5	Family Invest. Trust	110	7.8	132	98	1	—	1	103	213
4	Jos Holdings	78	6.4	91	76	21	—	3	100	200
	Kleinwort Benson Inv. Mngt. Ltd. (contd.)									
9	London Prudential Invest. Trust	116	6.5	141	68	21	7	4	98	192
77	Merchants Trust	95	6.2	135	53	35	7	5	93	170
	Lazard Bros. & Co. Ltd									
64	Raeburn Invest. Trust	161	6.7	236	56	33	5	6	93	162
51	Romney Trust	118	5.3	169	35	41	13	11	99	161
	Morgan Grenfell Ltd.									
112	Anglo-American Sec. Corp.	132	5.5	188	55	25	12	8	94	160
33	North Atlantic Sec. Corp.	129	3.0	163	11□	47	22	20□	85	150
	Murray Johnstone Ltd.									
68	Murray Caledonian Invest. Trust	76	7.5*	99	52	31	4	13	98	167
103	Murray Clydesdale Invest. Trust	63	3.9*	90	33	52	6	9	93	155
28	Murray Glendevon Invest. Trust	134	2.9*	180	40	46	7	7	110	160
37	Murray Northern Invest. Trust	71	3.9*	103	24	30	15	31	101	152
113	Murray Western Invest. Trust	81	4.4*	115	27	54	8	11	86	157
	Rivermoor Management Services Ltd.									
133•	London Trust	68	7.9	104	60	22	—	18	119	216
16	Moorside Trust	61	8.2	78	55	39	3	3	86	165
42	River & Mercantile Trust	130	8.2	172	70	14	1	15	95	202
	J Rothschild Invest. Management Ltd.									
215	RIT & Northern	134	7.0	189	57□	16	4	23	80	240
30	Ailsa Invest. Trust	45	5.0	57	50	31	10	9	90	†
9	Precious Metals Trust	67	0.0	72	37□	48	1	14	57	†
	N M Rothschild Asset Management Ltd									
16	Equity Income Trust	320	7.8	401	98	1	—	1	100	†
	J Henry Schroder Wagg Group									
29	Ashdown Invest. Trust	185	5.3	263	52	38	7	3	92	165
40	Broadstone Invest. Trust	202	5.3	283	47	46	5	2	97	168
66	Continental & Industrial Trust	268	6.9	373	49	48	—	3	101	165
40	Trans-Oceanic Trust	79	4.5	109	35	51	9	5	97	165
	Stewart Fund Managers Ltd.									
99•	Scottish American Invest. Co.	133	4.9	176	51	39	3	7	101	204
5•	Stewart Enterprise Invest. Co.	27	2.1	35	76□	14	—	10	60	†
	Throgmorton Invest. Management Ltd.									
14	xThrogmorton Secured Growth Trust	150	—	233	100	—	—	—	—	163
67	Throgmorton Trust	116	7.4	153	99	1	—	—	104	246
	Touche Remnant & Co.									
45	Bankers' Invest. Trust	84	6.7	115	72	19	4	5	100	178
43	Cedar Invest. Trust	104	6.3	128	72	12	5	11	87	175
20	TR Australia Invest. Trust	104	4.8	140	38	10	2	50	95	179
56	TR City of London Trust	84	8.5	115	92	6	—	2	96	190
254	TR Industrial & General Trust	74	5.8	109	65	18	7	10	106	185
71	TR Natural Resources Invest. Trust	154	6.3	221	59	26	—	15	103	171
41	TR North America Invest. Trust	175	5.1	228	44	50	—	6	97	167
54	TR Pacific Basin Invest. Trust	98	2.9	146	47	3	43	7	94	166
49	TR Property Invest. Trust	75	4.2	107	75	14	1	10	99	182
153	TR Technology Invest. Trust	98	4.8	136	56	25	13	6	97	196
94	TR Trustees Corporation	66	6.5	98	74	14	3	9	106	192
	VALUATION THREE MONTHLY									
21	Dundee & London Invest. Trust	94	6.1	126	76	15	7	2	95	184
4	Lancashire & London Invest. Trust	70	5.9	93	84	16	—	—	72	†
10	Oil & Associated Invest. Trust	75	7.3	95	64	32	—	4	95	140
16	Safeguard Industrial Investments	107	7.7	140	100	—	—	—	98	200
12	Scottish Cities Invest. Trust	238	6.9	339	89	8	—	3	71	†
15	Scottish & Mercantile	169	6.8	254	87	13	—	—	99	†
21	Yeoman Invest. Trust	129	7.5	168	83	11	2	4	95	193
12	Young Companies Invest. Trust	132	6.9	170	89	3	3	5	97	†
	Ivory & Sime Ltd.									
3•	First Charlotte Assets Trust	11	0.7	10	75□	25	—	—	72	†
21•	North Sea Assets	122	2.9	179	48	51	—	1	92	†

NOTES TO THE TABLE

† No data.
x Split capital trust (capital shares).
* Applies to Ordinary/"A" Ordinary only.
s Does not include special dividend.
□ More than one quarter in non-equity investments.
• More than 20% in securities or other assets included at directors' valuation.
sc Adjusted for scrip issue.
ar Adjusted for rights issue.

(a) Cols. 1, 3 to 5 — Figures supplied by Wood Mackenzie & Co., members of The Stock Exchange. Col. 1 to nearest £1m; Cols. 3 & 5 to nearest penny per share.

(b) Cols. 1, 5 — Statistics simulated to date shown based on latest valuations supplied by the companies and made available to The Stock Exchange. In these valuations listed securities are valued at mid-market prices and unlisted at directors' valuation. All *revenue account items are excluded.*

(c) Col. 4 — Based on last declared dividend or firm forecast, plus tax credit, to nearest 0.1 per cent.

(d) Cols. 6 to 9 — Percentages of total assets less current liabilities. Currency balances are allocated to the relevant geographical sector.

(e) Col. 10 — The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet 'Investment Trusts today'.

(f) Cols. 5, 11 — Prior charges and preference share capital deducted at market value; convertible stocks deemed to be converted; warrants treated as not exercised.

INDICES OF FIVE YEAR TOTAL RETURN

General Trust Average	178
F.T.-Actuaries All Share	208
*Standard & Poors Composite	89
*Capital International World	95

***Adjusted for exchange rate changes.**

(g) Col. 11 — Figures supplied by AITC Statistics Service, to nearest one per cent. A full description of the information shown in this column is given in the *Investment Trust Year Book.* In summary, the figures show the percentage changes in the net asset values over the period assuming that dividends paid, excluding tax credit, were reinvested in the underlying assets of the company.

EXPLANATORY NOTES

Use of total return statistics and care in interpretation

The total return statistic, which adjusts the net asset values for dividends, excluding tax credit, distributed during the period, enables companies with *substantially different capital growth and dividend policies to be more fairly* compared. A period of five years provides a good indication of trends and, in normal circumstances, should cover a traditional bull and bear market in the major stock markets.

Each total return figure is indexed from a base of 100 at the commencement of the period and records the movement between two particular dates. Any particular total return figure may thus be affected by exceptional factors, operative at either the base date or at the final date, which were influencing the stock market generally or a sector of the market in which the company was interested. The geographical distribution of a particular company's portfolio and whether it has changed its investment policy should be considered in assessing its relative performance.

While the total return statistic, if used with care, provides a valuable guide to past *experience which can assist comparison of one company with another, or the trust* movement with other investment media, it should always be borne in mind that past performance is not necessarily a guide to future achievement.

The total return statistic for split capital trusts is not comparable with that for other companies because of the difference in capital structure. The split capital trusts have therefore been identified in the Table and are not included in the General Trust Average index figure.

Calculation of NAV

In order to avoid a plethora of figures and to facilitate comparability, the statistics of net asset value have been calculated on a uniform basis which may, in the case of a particular company, differ from the corresponding figures in its Annual Report and Accounts.

The net asset value is calculated on the "going concern" basis, ie with prior charges deducted at market value, as it is believed that this basis is the most widely accepted *for comparative purposes.*

PROPERTY

Lords and Manors

BY JUNE FIELD

IF YOU FANCY being a lord of the manor, then there are various lordships on the market at the moment, both with and without a house or land. And a man from Michigan has just bought himself a Scottish barony.

Lordships do not confer the right to affix a title to your name, but the fortunate American has acquired the feudal courtesy title of Baron Freswick, together with the castle built on the ancient Viking settlement, near Wick, Caithness, on the road to John O'Groats. "Awarded by King Robert the Bruce with all its attendant rights and privileges," declared the promotion in the American Town and Country magazine, going on to say that it was affirmed by Mary Queen of Scots in 1570 and recognised by the English Crown. Stretching a point perhaps was the claim "next door to Queen Elizabeth the Queen Mother." Her castle of Mey is quite a bit further round towards Dunnet Head.

The term manor, from the French *manoire* and from the Latin *manere* to remain, was originally used of a dwelling of a man of substance although not necessarily a large holding. But eventually it came to denote the self-contained estate in which the *demesne* (domain), was worked for the lord's private benefit. (For a leaflet giving advice on how to buy a manor, send an A5, 20½p stamped addressed envelope to Mr Robert Smith, The Manorial Society of Great Britain, 65 Belmont Hill, London SE13.)

Lordships of the manor date back to Saxon times, stemming from the manorial system of granting land and certain rights and privileges in return for loyal service. They were developed by William the Conqueror and set out in the Domesday Book which was completed in about 1086.

The system survived until 1926 when the tenancies granted by lords of the manor over some nine centuries were made into freeholds in the hands of the tenants. So the lord of the manor, who held his title direct from the Crown, was also deprived of most of his ancient rights and privileges, such as being allowed to appoint the parson to the benefice (advowson), to escheat—the right to appropriate property where the owner died intestate and without heirs, as well as *droit de seigneur*, under which the lord had the right to appropriate any village maiden in his lordship on her wedding night.

Some less exciting advantages still survive, such as the income from wayleaves in respect of telegraph, telephone and electricity poles; sporting rights over the commons, greens and wastes; the right to cut turf and timber, to extract minerals and to own foreshores, tolls, markets and other franchises.

Lordships themselves are now usually just a bundle of rather splendid old documents, generally court books, wills, indentures, conveyances, manuscripts and so on, their value depending mainly on age and number. And as these documents are of such historic value and often very fragile, the Master of the Rolls, who has a statutory responsibility for their safe custody, has decreed that they should normally be kept in the care of record offices, libraries and archives. Although they may not be taken out of the country, a foreign national can buy them.

Last autumn Strutt and Parker sold 14 lordships of the manor at auction, at figures ranging from £2,600 to £6,200. Just recently, seven lordships were offered by private treaty at prices ranging from around £2,750 to £5,000 or so. Six sold (one to an Austrian, another to a Canadian), with only the documents of the Manor of Orton Longueville, Cambridge, not attracting a satisfactory offer.

This lordship is of considerable historic interest, having been held by a number of noble families including Elizabeth I before she became Queen. Going back to 1659, there are marriage settlements, mortgages, purchase agreements and a large ledger of the settlement by the Marquis of Huntley of the Orton Estates 1868, with stamps and seals.

These documents will be offered again next month with a fresh crop of lordships—for the manors of Colne, and Crettingham Hall, both in Essex, Ditton Camoys, Cambridgeshire, Glandford, Wiverton Branchall and Wiverton Briggs all in Norfolk. The price guides are from £3,500 to £4,750. Details Mr Raymond A. Knappett, Strutt and Parker, Tindal House, Tindal Square, Chelmsford, CM1 1HJ (0245 84684).

A lordship with 130 acres of Stedham Common, West Sussex, is for sale through Knight Frank and Rutley's Hanover Square, W1, office on a base figure of £25,000. Or an offer for the lordship documents 1742-1876 alone will be considered, or even parts of the common.

A lordship with actual bricks and mortar obviously helps a sale. Savills' Banbury office sold Knowle Hall and the Knowle manor lordship, Solihull, West Midlands, last month at auction and the result was £245,500 on a price guide of £140,000, even though the place was in need of restoration.

The Wood Hall Estate, 348 acres at Arkesdon, near Saffron Waldon, Suffolk, first recognised as a manor as early as 1362, has three lordships included with the 17th century residence, stable and coach house block plus farm buildings, and it is expected to fetch about £800,000. Brochure from Mr Charles Bailey, John German Ralph Pay, 127, Mount Street, London, W1, and Robert Arnold and Partners, 55, Regent Street, Cambridge, CB2 1AB.

By virtue of their age, most manors have intriguing associations, even without a lordship, and the Manor House, Farningham, Kent, is no exception. Sir Irving Albery, twice Lord Mayor of London in the 1930s, lived in the 18th-century house; and Vice-Admiral of the Blue William Bligh of Bounty notoriety made it his home for the last five years of his life, Gavin Kennedy in *Bligh* (Duckworth 1978) observing: "Like many another old soldier he retired gracefully and quietly . . . to an imposing manor house."

The exhibition, William Bligh Extraordinary Seaman (until September 23 at Powderham Castle, Kenton, Exeter, home of his direct descendant the Countess of Devon) includes a letter dated November 5, 1817 written by Bligh from the manor to his epilectic daughter Ann. A month later he died of cancer at his London home.

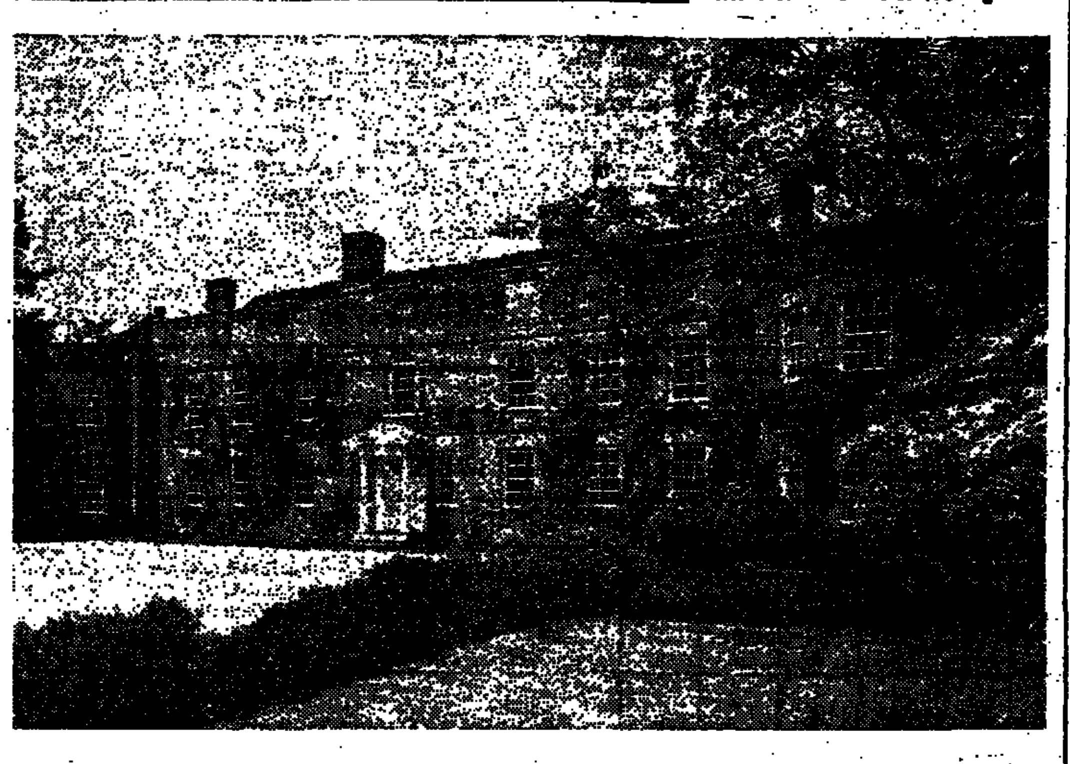
The listed Grade II five-bedroom, four-bathroom house in 15 acres with three cottages, swimming pool and stabling is for sale at about £300,000 by Mr Eric Crabtree, deputy chairman at Debenhams and chairman of Harvey Nicholls and Hardy Amies. Brochure from Mr Christopher Chetwynde, Knight Frank and Rutley, 20 Hanover Square, W1. (Bligh exhibits catalogue £2 from Powderham Castle.)

Chequers Manor in over 1,500 acres in beautiful Chiltern countryside, habitat of wild orchids and a rare species of butterfly, goes to auction in the autumn on a "cautious estimate" of £3.5m. Less than an hour's drive from London via the M4 or M40, the estate runs into Hambleden Valley encompassing the old villages of Fingest, Turville and Ibstone.

For 27 years the Buckinghamshire home of industrialist Sir David Brown who went to live in Monte Carlo four years ago, the property is being sold by David Bown Estates. Included in the sale are the Manor, the half-timbered Penley Grange at Cadmore End, 15 cottages and a large modern dairy, plus stabling for 22 polo ponies, two tennis courts and a swimming pool.

The Chequers Manor Shoot is run for what estate manager Mr Tony Maser calls "the purist shot, the sportsman who appreciates quality rather than quantity." Accordingly they rear 2,500 birds a year to supply the high-driven birds for which the shoot is renowned. There is also a large population of fallow deer indigenous to the area, culled extremely lightly. Details from Mr G. L. Kendall, Raffety Buckland, 30 High Street, High Wycombe, Bucks (Tel: 0494 21234).

Left: The 5 bedroom, 3 bathroom Manor House in 17½ acres with a lake on the edge of the village of Ansty, near Salisbury, was believed to have been the Commandery of the Knights Hospitallers in 1211. In excess of £200,000 is being asked for the manor and its lordship by Mr G Jessop, Woolley & Wallis, 51 Castle Street, Salisbury, Wiltshire (0722 27405) and Mr G R Pethick, Strutt & Parker, 41 Milford Street, Salisbury (0722 28741).



Below: Sherfield Court, near Basingstoke, part Elizabethan manor with 11 bedrooms, 6 bathrooms, 2 staff apartments, gardener's cottage, swimming pool, paddocks plus dairy and arable farm. The 542 acres estate for auction in region of £1.25m on October 14. John Husband, Humberts, 6 & 8 Lincoln's Inn Fields and Howard Son & Gooch, 76 Queen Street, Maidenhead. Manor once the home of the Duke of Wellington.

STAMPS

'To Pay' labels

BY JAMES MACKAY

WITH LITTLE of the customary fanfare that greets new stamp issues, the British Post Office slipped a series into circulation on June 9. They are not on sale over the counter in the usual manner, although they are available from the growing number—now more than 50—of philatelic counters and can be purchased from the Philatelic Bureau in Edinburgh in a presentation pack costing £9.40. No First Day covers or special postmarks were provided and the stamps will only gradually make their appearance and then only on mail which is unpaid or underpaid, or on parcels which attract the attention of HM Customs and Excise.

The stamps are not stamps in the strict sense at all but "to pay" labels. The words "To Pay" form the dominant feature of the uniform design, in a new typeface with a shaded background. The Post Office decided that a restyle of the labels was needed to bring them into line with current postal charges—an argument which seems strange considering that the original series of postage due stamps was quite adequate for more than half a century and was only scrapped in 1971 on the advent of decimal currency.

The new series ranges from 1p to £5, covering the same range as the series it replaces. There would be a more cogent argument for abandoning the Machin definitive series, which now amounts to 74 different stamps on a simplified basis. In endeavouring to match each increase in postal rates with a change of colours, the Post Office has been forced to reintroduce colours used for lower values in the 1970s.

I suspect that the Post Office, ever-mindful of the revenue to be derived from collectors, has been keeping a close watch on what its rivals in other parts of the British Isles are up to. The Isle of Man is introducing a new series of "to pay" labels on October 5, replacing a series which has been current since 1975. The Isle of Man adopted its own labels in July 1973, on becoming postally independent. This series bore the date in the margin below the design and when stocks rapidly ran out a reprint was issued with the suffix A after the date. Today a set of the originals costs about £40, compared with about £12 for the "A" reprints—a situation which has encouraged unscrupulous individuals to erase the suffix and offer the reprints as originals. Perhaps this induced the Manx Postal Authority to issue an entirely new series two years later. This is still freely available at the issue price and also comes in a presentation pack.

The Channel Islands issued their own postage due labels in October 1969 when they set up their own postal administration. From the outset Guernsey adopted a pictorial approach with a set of seven, from 1d to a shilling, featuring Castle Cornet. These stamps seem to have been generally neglected by collectors until they were superseded by a decimal currency series in 1971. Today the presentation pack containing the original £sd stamps is catalogued at £80, compared with a mere £2.25 for the decimal set. Guernsey issued a third set in 1977 in a larger format depicting a view of St Peter Port.

Guernsey introduced an entirely new series on July 13, comprising 12 values from 1p to £1. The labels have been lithographed by the House of Questa and each features a different view of scenery in the bailiwick.

Not to be outdone, Jersey is introducing a new series of postage dues on September 7. Like Guernsey, Jersey has gone for a frankly pictorial approach, the 14 labels depicting new views on the harbours, jetties and piers of the island. This follows the pattern of the previous series. At first Jersey had labels of a prosaic design emphasising the value, the only concession to picturalism being a map of the island on the shilling denominations. Not surprisingly, this set was neglected by collectors at the time and now retails at around £90.

Postage due labels were pioneered by France in 1859 and she is one of the few countries to use them to this day. France, Andorra and a few countries of the French Community — notably Congo, Comoro and Gabon — favour attractive motifs of flowers or butterflies.

No collector specialising in the stamps of one country can afford to ignore them. Since they are issued by only about 50 countries worldwide and are changed at infrequent intervals they form a reasonably compact group which is not subject to the usual high pressure sales techniques, which all too often accompany commemorative stamps these days.

LEISURE

Istanbul and a sentimental journey

I HAD two reasons for going to Turkey. The first was that I had never been there before. The other was that I wanted to visit the haunted beaches of Gallipoli, where my father and thousands of others either lived or died in 1915.

So one May morning I boarded a Boeing 707 and headed for Istanbul. When venturing into the unknown I always like to start off with a modicum of comfort. So I booked a room at the Pera Pelas Hotel which, like the Kempinski in Berlin and the Ritz in London, is part of travelling legend.

Built in 1892 to serve the passengers of the Orient Express, the hotel retains a solid but somewhat seedy magnificence. The splendid birdcage lift is a delight on its own.

Ataturk, founder of modern Turkey, stayed there in his political dog-days in the 1920s, and I stayed in room 411 which was always reserved for Agatha Christie. According to the Pera Palas brochure, she wrote "The Murder of Orient Express" (sic) in the hotel.

The furniture in the room was certainly original, but the view from the balcony, taking in a wide sweep of the city and the Bosphorus, not forgetting a huge union flag flying from the nearby British consulate, was breathtaking.

The hotel is not cheap by Turkish standards, at around £30 a night for a double room, including traditional breakfast of tea, bread, goat's cheese, olives and jam. But it certainly sets right the atmosphere for the first dip into this fascinating and mysterious city. In other parts of Turkey I was to find that it was possible to stay at a pansion (sic), with its own balcony, shower and loo for less than £3 a night for two.

A good modern motel on Turkey's Mediterranean coast, for those seeking a little extra comfort, will charge around £7 a night for a double room with breakfast. Those feeling that coffee is the only thing to start them off for the day are advised to bring their own. Because of Turkey's economic difficulties, coffee has just started to be imported again after three years, and is therefore hard to find and expensive.

For visitors eschewing package tours, there is no shortage of places to eat serving good traditional food ranging from the ubiquitous kebab to half a cold sheep's brain salad for the stronger stomached. The bill will come as a pleasant surprise—averaging £3-£4 for two for a substantial repast including a bottle of very drinkable Turkish wine.

Istanbul, with one foot in Europe and the other in Asia, is probably one of the last truly fascinating cities left worth more than an overnight stop. It has its Hiltons, Intercontinentals and Sheratons, of course, for those who are accustomed to the high-life. But they do not intrude on this landscape of mosques, minarets and eastern markets.

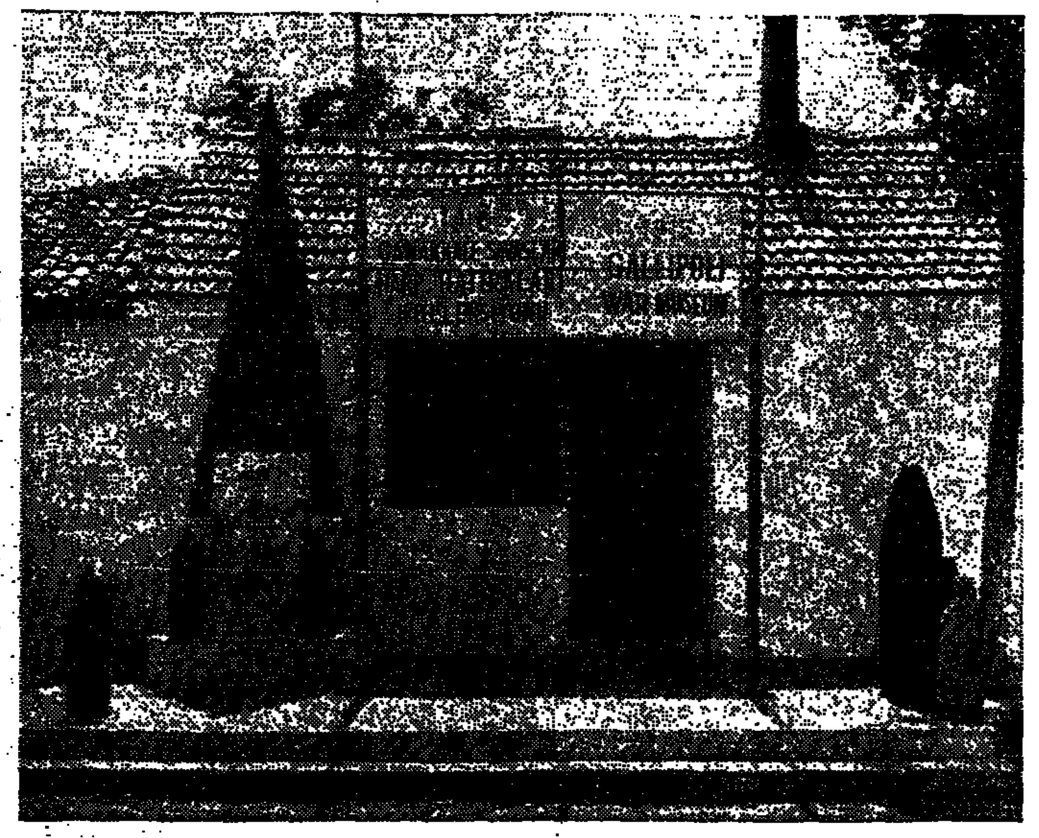
One can visit the Topkapi Palace, the old residence of the Ottoman sultans, the Blue Mosque, the covered bazaar of Kapali Carsi, and a thousand other places which bring to life the days of the Ottoman Empire. One can sit on a Sunday morning in a small restraunt floating on a pontoon under the Galata bridge, enjoying a lobster, and watch the occupants of dozens of small boats bobbing up and down on the water fishing for their supper. Later in the day, the evening light over the Bosphorous has to be seen to be believed.

TRAVEL

IAN DUNNING

After three days in Istanbul, it was time to undertake my pilgrimage to a battlefield which receives fewer and fewer visitors each year as even the youngest survivors are now in their eighties.

Unlike France, which was close to home, and where the rumble of distant guns could be heard in the southern coastal resorts of Britain, Gallipoli could have been as far away as the moon. Churchill conceived the operation, and the failure of the campaign cast a shadow over his political career throughout the inter-war years. The plan, in short, for those who have probably forgotten, was to force a supply link through Turkey to our then Russian allies who were fighting the Germans on the eastern Front.



The small Gallipoli War Museum at Alcitepe

Turkey had entered the war on the side of Germany and Austria-Hungary, and the Turkish army was in fact commanded by a brilliant German military strategist, General Liman von Sanders. In fairness to Churchill, there is a majority of opinion today that accepts that his idea was right even if the execution of the operation was wrong.

Unless one has a car, the only way to the Gallipoli Peninsular is by coach, and this takes at least six-and-a-half hours to wind itself through a landscape now fertile with a myriad of trees, grain and wild flowers, now rugged with sandy cliffs and outcrops of rock.

'Ataturk stayed there in his political dog-days and I stayed in room 411 which was always reserved for Agatha Christie. According to the hotel she wrote "The Murder of the Orient Express" (sic) in the hotel'.

Arriving at Eceabat, near the tip of the Gallipoli Peninsular, one takes a ferry across the narrowest part of the Dardanelles to take a bed for the night in Canakkale. There is an agency there which offers tours to the Gallipoli beaches when there are enough visitors—not often these days—to make up a party. There were not enough visitors on the day I arrived.

To achieve my objective, I hired a taxi which was ferried back across the straits to the peninsular. The sun shone from a cloudless sky, and poppies and other wild flowers bloomed in profusion. But there was a strange loneliness about the place which seemed to have little to do with the almost total lack of people.

Passing through the village of Alcitepe, we stopped at the small privately-owned Gallipoli War Museum. It was here, more than anywhere else, that the horrors of 1915 came into perspective. One cabinet in the dimly lit interior contained the skull of an unknown English soldier in which a ball of shrapnel was firmly embedded. Around it lay particles of shattered bones from other limbs. Another cabinet contained the keepsakes and good luck charms given by loved ones, some probably still alive, which were given in the hopes of warding off the inevitable.

Even today, when the winter winds whip up the seas around the landing beaches, human bones and other paraphernalia of war are still washed up on to the sands.

My next port of call was Cape Helles, which is dominated by the British war memorial with its perimeter walls containing the names of all the units which fought in the area.

It came, strangely, as a slight shock to see the name of the Second Lowland Field Ambulance inscribed there — the unit my father commanded. He was one of the first to arrive on the beaches, and one of the last to leave, carrying the only Union Flag left on the beaches. It is now in the RAMC museum at Aldershot. But he lived on to suffer the battles in France, received several awards for gallantry, and died comfortably in his bed at a ripe old age. Many of his men were less fortunate.

Before leaving the area I walked along the now empty beaches of Cape Helles, past a little graveyard so carefully tended, and climbed the cliffs to the almost intact Turkish gun emplacement on the top. On the way I picked two shell splinters from the cliff face.

After returning to Canakkale, and before taking the coach back to Istanbul for a flight down to Antalya to catch the sun on the Mediterranean coast, I took a short trip to the more ancient battlefield of Troy, where the legendary Schliemann uncovered the citadel that was believed to be the centre-point of the Trojan Wars. It was beautiful and interesting, but somehow too far removed in history for one to feel the presence of any ghosts.

Cars out of the rut

JAPANESE cars—aren't they all pretty much the same? Full of extras, keenly priced but completely lacking in character? This comment is heard less nowadays than a year or two ago, but even then it was not really true. Hondas and Subarus have always been out of the rut, though it might have been difficult in the mid-1970s to remember if the car you were driving was a Datsun Sunny, Toyota Corolla, Mazda 616 or Colt Lancer.

But two Japanese models I tried recently within a week or two of one another were at opposite ends of the automotive spectrum. All they had in common were their prices (identical) and their equipment, which was so lavish that even an accessory fanatic would have been hard put to it to find space for anything to add.

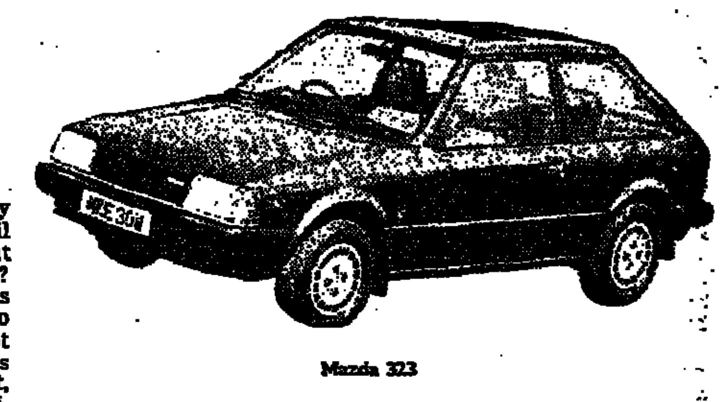
The Daihatsu Charmant 1600 LE automatic and the Mazda 1500 GT are both listed at exactly £5,399. (I'm cheating a little about the pricing because the Charmant I drove was the manual, which is £300 cheaper than the two-pedal version at £5,099).

The Charmant is an entirely traditional saloon—some might reckon it almost old fashioned—though in the nicest way. Imagine a Toyota Vanden Plas; or perhaps a Triumph Dolomite if BL had decided to continue with its development instead of replacing it with the Honda-based Acclaim.

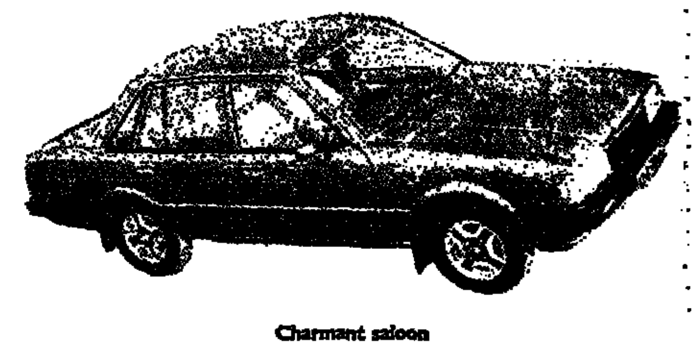
MOTORING

STUART MARSHALL

In profile, it looks something like a Vauxhall Cavalier but it has rear, not front-wheel drive and non-independent rear suspension. The engine is a 1.6 litre four-cylinder turning out 74 horsepower at a modest 5,400 rpm. It is silk-smooth, noisy only when taken up to unrealistic speeds in the gears but not particularly frugal. Gearing is low; less than 20 mph per 1,000 rpm in fifth, which is far from being a 1982-style economy overdrive.



Mazda 323



Charmant saloon

Driven with decorum and not too much dash, the Charmant will return around 30 mpg for a mixed bag of motorway, city centre and country motoring. There is a 1.3 litre version at £4,249 or £4,999 according to equipment which is more fuel efficient. The 1.6 car I drove has recirculating ball steering, which is light for parking and still satisfactorily precise. The 1.3 litre car has rack and pinion steering.

Despite its low gearing, the 1.6 Charmant hums along the motorway at a businessman's cruising speed with a noise level low enough for the standard three-band radio to be enjoyed. It is elegantly furnished in a velour type of cloth and the fascia and door trims are carefully colour matched. The well-located, coil-sprung rear axle and MacPherson strut front suspension give a pleasant ride. A sporting driver wouldn't buy a Charmant but I though it felt satisfactorily tidy even when pushed along vigorously.

The Mazda 323, which is a Ford Escort's first cousin though not an identical twin, is a front-drive, all-independently suspended three- or five-door hatchback. Its hottest version, which might loosely be considered a rival to the Escort XR3, is the 1500GT, with a high-compression, 85 bhp at 6,000 revs per minute variant of the 1.5 litre overhead camshaft engine. It has a five-speed manual gearbox, a top speed of just over 100 mph and, for those with a feather foot, a constant 56 mph consumption of 53.3 mpg, which is the best of all the Mazda 323 range regardless of engine size.

But, realistically, few people buy the hottest model in a range with the intention of squeezing the last mile out of each gallon. The attraction of the 1500GT is its performance, which is very lively. Driven with enjoyment, not economy, in mind, it soars up to 6,000 rpm eagerly in the gears, exceeding 60 mph in third and 85 in fourth.

The main snag with the 1500GT, as is so often the case with the fastest model in what is basically a range of modestly-priced family car, is noise and harshness.

Unless a six-footer reclines his seat backrest, there isn't much headroom and I found the all-black (well, black and dark grey) interior oppressively sombre. But the adjustable steering wheel helps you to get comfortable and I found leg length more than enough. It has all the usual extras—rear wash/wipe, digital clock, tinted glass and interior hatchback release—and an unusual one, an electrically operated steel sunroof.

CHESS

LEONARD BARDEN

NIGEL SHORT'S tied first place at the Obra Insurance tournament in Amsterdam last weekend puts him in the rare company of Bobby Fischer and Gary Kasparov as the only players ever to win a major grandmaster strength international at age 17 or younger. Short tied with the Czech GM Hort, each totalling 7 out of 9. The British junior began quietly and in early rounds lost to Hort while drawing with Miles and Sosonko; but he came through at the end with four successive wins, displaying no signs of nerves or hesitation at his historic achievement.

Short surpassed the grandmaster norm by half a point, and here, too, he has a place in a super-elite. Fischer became a GM at 15 when he qualified for the world championship candidates: Kasparov had GM results at Vrnjacka Banja and Baku in 1979-80, though his title was only ratified later when he was nearly 18.

Under FIDE (International Chess Federation) rules, three tournament norms qualify for the GM title, or two norms subject to a 24-game minimum. Short is now the hot favourite to win the junior world championship for players under 20 in Copenhagen next month, and outright victory there would count as his second GM norm.

Including Copenhagen, he has around four months to complete the title requirements in time to have his GM award ratified at the FIDE congress in November. If he does, he will outspeed Kasparov and become the youngest grandmaster since Fischer. Recently Short decided to leave school and A-level studies and play full time: "chess comes first." The worldwide interest in a new Western hope to take on the Russians will ensure that he has more chances to confirm his GM status in the next few months.

Leading totals at Amsterdam Obra were Hort (Czech) and Short (England) 7 out of 9, Sosonko (Holland) 6½, Ree (Holland) 6, Miles (England), Yusupov (USSR), Borm, Pliester and van Wijgerden (all Holland) 5½. Grandmaster also-rans in the 32-player field were Grunfeld (Israel) and Kuligowski (Poland) 4, Donner (Holland) 3½.

Nigel Short likes calm, strategic openings—Ruy Lopez with White, French Defence when Black. There are no symptoms of adolescent impatience. In this game he probes patiently, retreats when necessary, but takes his chance well when his opponent miscalculates.

WHITE: J. van de Wiel (Holland).
BLACK: N. D. Short (England).
Opening: French Defence (Obra Amsterdam 1982)

1 P-K4, P-K3; 2 P-Q4, P-Q4; 3 N-Q2, N-QB3; 4 KN-B3, N-B3; 5 P-K5, KN-Q2; 6 B-K2, P-B3 (P-QN3 is possibly better); 7 PxP, QxP; 8 N-B1, B-Q3; 9 N-K3, 0-0; 10 0-0, Q-N3; 11 P-B4.

White aims for a broad pawn front, but more convincing is 11 P-KN3, N-B3; 12 N-R4, Q-K1; 13 P-KB4 barricading the centre against counterplay.

11 . . . N-B3; 12 P-QR3, B-Q2; 13 P-QN4, P-QR3; 14 B-N2, B-B5; 15 Q-N3, Q-R4; 16 P-R3, K-R1; 17 QR-K1, Q-N3; 18 B-Q3, Q-R4; 19 Q-Q1, QR-Q1; 20 N-K5. Relying on greater space, White underestimates Short's bishops on an open board; better 20 P-B5.

20 . . . QxQ; 21 NxQ, PxP; 22 BxBP, N-N1; 24 P-N3, B-Q7; 25 R-K2, B-B3; 26 P-B4, N-K2; 27 K-R2?

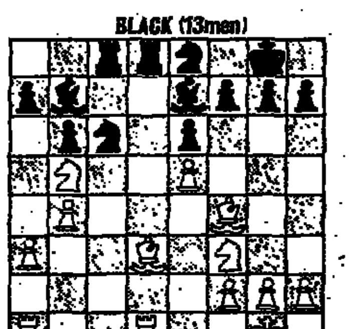
Short is holding his game together by long-distance threats (27 BxKP? B-N4) and White misses a counter-blow. 27 P-KR4 is essential.

27 . . . P-KN4! (winning a pawn or forcing favourable exchanges); 28 BxP, B-N4; 29 B-B7, RxB; 30 P-K6 dis ch; R-N2; 31 PxP, K-N1; 32 BxR, RxR; 33 R-B7, BxKNP. The battle is over, White is a piece down.

34 B-B3, RxN; 35 R-N7 ch, K-B1; 36 RxB, B-B5; 37 R-KR5, BxP; 38 RxP, R-QB8; 39 B-Q4, N-B4; 40 B-B5 ch, K-N1; 41 R-R5, B-Q4; 42 Resigns.

POSITION No. 433

BLACK (13men)

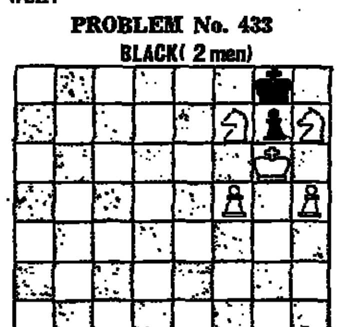


WHITE (13men)

Vidmar v. Capablanca, San Sebastian 1911. A first-class chess tactician shows his skill in defence as well as attack. Here Capablanca (Black, to move) needed only a draw to win the tournament, but his position looks uncomfortable due to White's threatened N-Q6. Capa found the only effective defence, four moves deep; can you do as well?

PROBLEM No. 433

BLACK (2 men)



WHITE (5 men)

White mates in four moves, against any defence. The solution to this picturesque puzzle is hard to visualise from the diagram, and it is an achievement to crack it without recourse to board and men.

Solutions Page 12

BRIDGE

E. P. C. COTTER

WE START with a deal from a rubber of very fair standard:

N
♠ K J 6
♡ K 8 5
◇ A K 10 9 6 5
♣ 6

W
♠ 8 4 2
♡ 10 7 4 3
◇ 2
♣ K 10 8 5 3

E
♠ 5 3
♡ A Q J 2
◇ Q 8 4
♣ Q J 9 2

S
♠ A Q 10 9 7
♡ 9 6
◇ J 7 3
♣ A 7 4

With East-West vulnerable, North dealt and opened the bidding with one diamond, and with the opponents silent, South replied with one spade, and North raised to two. South thought of saying three clubs, a trial bid expressing willingness to proceed further, but leaving the decision to his partner. However, he changed his mind, and jumped to four spades, which became the final contract.

West chose the attacking lead of the five of clubs. East produced the Knave, and declarer won with his Ace. At the second trick a club was ruffed on the table, the diamond Ace was cashed, and trumps were drawn in three rounds. When South led the diamond Knave, West showed out, and the Queen won. To make the position clear to his partner, East returned the nine of clubs, West overtook with the ten, and switched to the three of hearts, allowing East to make two tricks and defeat the contract.

A little more thought at the first trick would have shown the declarer that his line of play could not succeed unless the heart Ace was favourably placed in West's hand, and that all problems could be resolved by the simple expedient of allowing East's club Knave to hold the first trick. This leaves the defence helpless. If a trump is returned, South wins in hand, ruffs a club in dummy, draws trumps, and runs the diamond Knave; if a club is returned, South plays on the same lines.

South was too mean to render unto Caesar the things that were Caesar's.

The second example comes from a teams-of-four match:

N
♠ K 7 4
♡ 5 4
◇ J 10 9 7 5
♣ 9 8 4

W
♠ 6 5 2
♡ Q J 10 9
◇ A 6 2
♣ K 7 6

E
♠ A 9 8
♡ 8 7 3 2
◇ 8 3
♣ 10 5 3 2

S
♠ Q J 10 3
♡ A K 6
◇ K Q 4
♣ A Q J

East dealt at a love score and passed. South opened with two no trumps, a bid for which he is maximum, and North's raise to three no trumps concluded the brief auction.

West led the heart Queen, East dropped the seven, and declarer allowed it to win. Taking the heart Knave, which followed, South cashed King and Queen of diamonds, on which East petered with the eight and three. A third diamond was taken by West and another heart forced declarer's last honour. Hoping to find one defender with Ace doubleton in the suit, South cashed Queen and Knave of spades, but East withheld the Ace until the third round. He then undid all the good work which he and his partner had done by returning a heart, and endplaying his partner, who had to lead into South's major tenace in Clubs.

"Thank you for that heart return," said West bitterly, "couldn't you lead a club and let me make my King? If I haven't got it, the contract is cold."

East was not the only sinner. Declarer should have paid more attention to East's heart seven. He must win the opening lead and cash his two diamond honours. East peters — that means West has the Ace. He leads a spade to the King and Ace. East returns the heart two, South wins, and West's nine confirms the 4-4 break in the suit. After cashing three spades, he endplays West with a heart return, and saves East from his partner's wrath.

BOOKS

Barthology

BY GEOFFREY MOORE

Sabbatical
by John Barth. Secker and Warburg, £7.50. 366 pages

In the United States, since the Second World War, a school of novelists has grown up which is dedicated to play and virtuosity. Apart from Vonnegut, Kesey and Brautigan, there are Gaddis and Pynchon, there is Hawkes and—most academic of all—John Barth, Alumni Centennial Professor at the John Hopkins University, Baltimore. Although he had published two novels in the 1950s, it was *The Sot-Weed Factor* in 1960 which made his reputation: and it is typical of his antic and erudite style that its setting should be in the eighteenth century.

The mood of *Tristram Shandy* looms large, but it is of course a post-modernist *Shandy* with which we have to deal. It should also be remembered that Americans have in their native tradition the phenomenon of *Moby-Dick* which, Charles Feidelson asserted, had anticipated the modernist experiments of the Europeans by nearly 70 years. All of which is to say that the kind of writing we are faced with in Barth may well be felt in the heart and along the transatlantic blood more than seems possible in our own relatively down-to-earth and phlegmatic society.

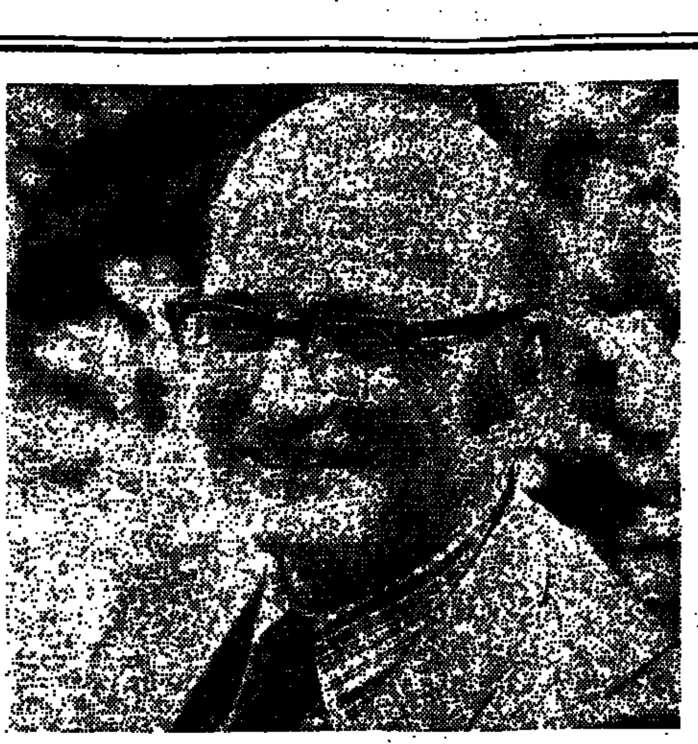
The latest Barth novel, *Sabbatical*, concerns young Associate Professor Susan Rachel Allan Seckler and her husband, Fenwick Scott Key Turner a 50-year-old ex-C.I.A. officer. "Black-eyed Susan" (the Maryland State flower, by the way) is said to be part-Jewish and part-Gypsy, and possibly related to Edgar Allan Poe; Fenwick is a lineal descendant of the author of "The Star-Spangled Banner." It is he who tells the story of their nine-month sabbatical cruise from Chesapeake Bay to the Caribbean and back, in a boat which, after Poe Key and the uncharted, ominous Wye Island which they discover, is called the Pokey, Wye I.

It is typical of Barth's method that, by the third page, he should break up his story to present us with "A Dialogue on Diction," in which Susan refers knowingly to *The Poetics* and *King Lear*. Not only is the style arch and embarrassingly intimate, but it is laden with special meanings. There are many such asides in the novel — for all the world like the technique of the *Tom Jones* film. One relates the story of Fenwick's beloved Basque beret, "mi boina," acquired during his former marriage to Marilyn Marsh. Another, set off by an attempt to get in touch with Susan's sister, Miriam, is the excuse for a profoundly shocking account of her multiple rape some years before.

These stories within a story continue through the next two sections: a long account, attributed to *The Baltimore Sun*, of the murder of a CIA official; interpolations on "Narrative Viewpoint, Selectivity, and Advancement of the Action"; on Edgar Allan Poe; on Susan's family, the Secklers, in their habitat, "the salty, boozy Fells Point neighbourhood of Baltimore." Towards the end "A Legendary Sea-Monster Swims Through our Story." It's all heady stuff — if you can take it.

And that is just it. One kind of reader might well thank Barth for his liveliness and bravura, a quality of subtle—if over-ingenious — experiment which may yet keep the *genre* alive. Another might feel that the very element of technical play in which this talented novelist prides himself makes a mockery of the form. If, in other words, you want from the novel a fundamental seriousness, a widening and deepening of your understanding of life —be it in the form of *Middlemarch* and *War and Peace*, or of *Moby-Dick* and *Ulysses*—then Barth is for the birds. Which conclusion would not, I am sure, bother our author one little bit. He would probably present you with an inscribed copy of *Tristram Shandy*, you would say. "But that is not what I meant at all," and that would provide material for half-a-dozen seminars at the John Hopkins University.

Geoffrey Moore is editor of "The Penguin Book of American Verse."



John Barth: a new work by the novelist who is a cult-figure in American Universities is reviewed today

Give them what they want

BY COLLEEN TOOMEY

Crossroads: The Drama of a Soap Opera
by Dorothy Hobson. Methuen. £8.95, 176 pages

What is it that makes *Crossroads* the most maligned programme on television? Is it because it has limp scripts where episodes drift on week after week with little or no action or, conversely, because the most extraordinary events heap chaotically on top of each other? Is it because *Crossroads* is financially squeezed, is directed by numbers?

Whatever the reasons, it doesn't matter too much—even if the programme's cult status is derived from *not* watching the programme, *Crossroads* still draws 15 million viewers 156 times a year. As a formula soap opera, it is probably one of the most popular communicators in the British media — outstripping the popular press, at least quantitatively. And while *Crossroads* loses out in the soft porn stakes (probably because it is designed like most of its genre to appeal to women), in terms of pertinent social comment—be it mugging, abortion or alcoholism—the programme provides and confirms some mighty powerful social models. Tucked gently between the folds of never-ending personal and domestic crises at the Midlands motel are more social issues than probably any other form of entertainment.

Dorothy Hobson, who minutely dissects the programme and the crises it perennially undergoes, maintains that the derision of *Crossroads* is often erroneously based. That is to say, criticism is rooted in the tradition of literary critical theories which demand that certain arbitrarily defined standards be imposed. These criteria are based on the idea, she says, that a work of art is separated from its audience and should be appreciated for certain qualities contained in the work.

More preferable, surely, is the viewer's critical faculty drawn from everyday experience and commonsense. Ms Hobson goes on to say that *Crossroads* is a work of contemporary popular art—and an integral part of popular culture to boot. It is a sensibly debated and well-written book, which shows clearly the rifts between broadcasting authorities, critics, the *Crossroads* production team and the audience.

The author's view of soap opera as a whole and *Crossroads* in particular, seems appropriately summed up in one of the chapter titles: "Whose Programme is it Anyway?" After all, choice is the hallmark of our consumer society.

Aunt Enid

BY RACHEL BILLINGTON

The Blyton Phenomenon
by Sheila Ray. André Deutsch, £10.95. 246 pages

In 1942 Enid Blyton published 22 new works. This was the crest of her writing wave, although publication and popularity continue to this day. In 1980 she was named along with Roald Dahl as one of the two most read authors in a survey among first year pupils in two comprehensive schools. A random check of any popular outlet for books (which may exclude bookshops) shows her selling-power more clearly still. The vast growth of the paperback market has been to her advantage. Now children, always her faithful fans, can afford to buy her for themselves.

Her extraordinary success, like many success stories, was due to luck as well as talent. Her biggest creative output came during the war years when the shortage of paper and therefore books meant she had little competition. During the years 1940 to 1944 she averaged 16½ books a year — though some were very short. This put her in a strong position in the late 1940s and 1950s when more paper became available.

As Sheila Ray points out, she also invented a market for the young teenage reader who wanted something more up to date than Charlotte M. Yonge or Rider Haggard, the books of his father and grandfather, but who was not yet into the modern favourites, D. H. Lawrence or Virginia Woolf. There was a place for a new kind of children's book which she filled with the 'Famous Five' and ever-proliferating adventure stories.

It was this prolific output that did most to damage Enid Blyton's acceptability in serious literary circles. A child could start on Noddy at the age of three and never see beyond the Blyton horizon for the next decade. The librarians, a high-minded group with no particular guidelines, had to decide how many to put on their shelves, bearing in mind that demand (and supply) was unlimited. On the whole, there was no vendetta as has become the common belief but simply an attempt to control the flood.

Not that Miss Blyton's writing was, and still is, without severe critics of its intrinsic value. They object to her style, citing a limited vocabulary which places emphasis on platitudes. In one book Ms Ray counted "horrid" used six times in the space of 420 words. They object to her content and attitudes, accusing her of snobbery and racism. Lena Jaeger, writing in The Guardian, reacted with righteous indignation to *The Little Black Doll* where Sambo is unloved by his mistress until he finds "magic rain" to wash the black from his face.

These attacks originated in the 1960s by which time an energetic and intelligent childrens' book industry had grown up. Its members naturally found it extremely frustrating to see so many children diverted to what seemed unstimulating pap. There is no doubt that Miss Blyton had an unequalled gift for finding the child's own level, thus lulling his easily raised suspicions of the adult's wish to improve his mind. However this is not the same as saying her books are written as a child would write. On the contrary, children tend to imitate the most pompous and complicated styles of their elders while Miss Blyton is always admirably simple and direct.

If the gorge rises at the prospect of the Noddy and Big Ears stories, it can be agreeably surprised by *The Wishing Chair* or *The Enchanted Wood* or indeed many of her excellent (and morally uplifting in 1930s style) adventure stories. Besides, there is a strong argument for encouraging the easily assimilated book for the needs of the new child reader though this argument does not hold for a child's book which will have the benefit of a mother's voice and a mother's presence.

The discussion about whether bad (or less good) drives out very good produces one of those circular, unanswerable debates. If there were no ITV, would BBC1's figures top 15m? If there were no BBC1 would BBC2's figures rise above 1m or 2m? All the reports seem to show that those who read Blyton compulsively when young, continue to read compulsively (Henry James or Leo Tolstoy) when they're older. With literacy fighting for its life against television, it would seem that Enid Blyton has a bigger role to play than ever.

Christopher Bruce in the Ballet Rambert's production of "Pierrot Lunaire" by Glen Tetley. It is one of many arresting photographs in "Dancers" by Anthony Crickmay, with an introduction by Andrew Porter (Collins, [illegible])

Public prints

BY JOE ROGALY

Powers of the Press
by Martin Walker. Quartet Books, £15.00. 401 pages

Newspapers influence those who believe in their power; the rest of the world finds them useful for lining the space between the carpet underlay and the floorboards, or protecting crockery in a tea-chest. Martin Walker writes as a believer; consequently he approaches his selection of "The World's Great Newspapers" with solemn respect. We practitioners will therefore benefit from his potted histories of The Times, Le Monde, Die Welt, etc., down the list of a dozen to the Rand Daily Mail.

The question is, will anyone else benefit? If they do, it will be in spite of Mr Walker's less than wholly lucid style, which occasionally leads him to finish a sentence, or even a paragraph, with a distant cousin of the thought with which he has begun. For example:

"I hope to keep the losses down to DM 20m in 1980," Peter Boenisch promised, with a new editor's confidence. But the accumulated losses of *Die Welt* in the decade of the 1970s totalled about $100m."

The book contains evidence to suggest that in times past major newspapers may have been influential: The Times may have added a straw to the weight that broke the back of the Kerensky Government, an event that was followed by the ascendancy of the Bolsheviks; Corriere della Sera may have fostered democratic debate in emergent modern Italy; the Washington Post, by disclosure rather than leading article, almost certainly brought President Nixon down. But most of this is hardly news. What would be helpful would be something a little more analytical. The 46-page account of each of his 12 chosen newspapers' coverage of recent events in Iran concludes with the verdict that, as a whole, they were "disappointing," with some newspapers found to be "misleading" and all save Le Monde inadequate.

This is a stimulating argumentative section about a specific subject, and Mr Walker may be doing a service in laying down the challenge that what happened in Iran came as more of a surprise than it should have and that the Western Press must do better if it is to retain its independence. But there are other, equally fundamental, matters.

For example, is there a correlation between the financial success of a newspaper and the independence of its editor? If so, which comes first—ie does the appointment of an editor with a free hand lead to commercial success, or must the latter precede the former? The evidence from Mr Walker's vignettes is not drawn together in a manner that facilitates debate. Again, what is the effect of editorial staff ascendancy over the enterprise, as in the case of Le Monde? Or, is the apparent "influence" of powerful newspapers mostly an illusion? It is hard to say, when the evidence contains so many non sequiturs.

I do not wish to be unfair to Mr Walker. Much of the information he provides is informative, fascinating. It is just that it is not satisfactorily structured. It is also a pity, though perhaps not one for which the author can be blamed given his choice of subject, that the question of the present and future influence of newspapers, as against the seemingly more powerful medium of television, must be debated by reference to other works. And, for £15 he should provide an index.

Fair-weather pals

BY ZARA STEINER

The Creation of the Anglo-American Alliance 1937-41: A study in Competitive Co-operation
by David Reynolds. Europa Publications, £20.00. 397 pages

In the early stages of the Falkland Islands crisis, much was heard again about the "special relationship" with the United States. It is interesting how tenaciously British politicians have clung to this concept despite the fact that historians on both sides of the Atlantic have repeatedly exposed the frailty, if not the illusory character, of the so-called Anglo-American connection.

It is to David Reynolds' credit that in his study of the evolution of the war-time alliance between Britain and the United States he finds just the right balance between myth and reality in describing the areas of shared and conflicting experiences and interest. The creation of this partnership was undoubtedly assisted by a common language and heritage; Churchill's faith in the bonds of speech and kinship was ultimately vindicated. Yet there was nothing inevitable about the alliance and its emergence was marked by an intense rivalry for national advantage and post-war leadership. The external circumstances of 1941 were possibly as important as the ties of blood and history.

It is too often forgotten that until mid-1940 neither government sought or expected a close relationship. Chamberlain believed that he could avoid war; when it came he thought the Germans would soon come to see the folly of their ways. He never under-estimated and did not wish to pay the imperial and economic price which an all-out war would cost. He wanted America's benevolent neutrality but not her active intervention. It was only after the fall of France that the government, and Churchill in particular, acknowledged the country's desperate position and gambled almost everything on the American card.

It was, as David Reynolds' authoritative account makes clear, the Prime Minister's false optimism about the imminence of an American entry into the war which silenced the doubters during the dark summer of 1940. Until Pearl Harbour, Churchill had few cards to play and impatiently waited.

The American movement towards Britain was an even more hesitant and tortuous process. At each stage, the Americans extracted a price, either immediate or future, for their support.

In sharp contrast to many American treatments of the subject, Mr Reynolds attributes the prolonged period of American neutrality as much to Roosevelt's continued doubts about the necessity of American involvement as to the strength of the domestic isolationist movements. Until the outbreak of war, the "realistic Wilsonian" (Reynolds' excellent description of F.D.R.) hoped that Britain and France could deter Hitler; thereafter he assumed American material support would be sufficient. Only with the French defeat did the question of American security arise; hence the president's preoccupation with the future of the British fleet.

This is one of the first books to underline Roosevelt's doubts about British survival in the early summer of 1940. It was August before the president agreed to the destroyers-for-bases deal and even then insisted on safeguards lest Britain go the way of France. Lend-Lease was a more important turning-point (though of little assistance to Britain in 1941 when she was still depending heavily on her own manufacture of munitions) but it was only a limited commitment and not the one Churchill was seeking.

Again, differing from many American commentators, Mr Reynolds argues that even during 1941 the president sought to avoid a direct involvement in a declared war. In the Far East as in the Atlantic, Mr Reynolds believes that Roosevelt was playing for time, trying to deter rather than to provoke the Japanese. Until the actual Japanese attack, the President clung to the hope that by aiding Britain and Russia and by building up its fleet and air force, the United States could avoid the despatch of troops abroad. Given the long years of British opposition to a new BEF, Roosevelt's reluctance to back his strong words with deeds may have dismayed but did not surprise the anxious British.

Mr Reynolds tells this dense and complicated story in a masterly fashion with a real sense of style and a keen eye for the telling phrase and the apposite quotation. He has kept his main themes firmly under control moving easily between London and Washington and between Europe and the Far East.

Though he deals primarily with major events and actors, Mr Reynolds touches also on those technical issues, economic, financial and strategic, which united and divided the "weary Titan" and the "emerging giant." The transfer of power and leadership from one to the other was not a simple process. Mr Reynolds has provided an excellent and much needed guide to its complexities as well as a useful reminder that in this critical period it was shared geopolitical and ideological interests rather than some latent cultural unity which brought these two independent and sovereign states together.

Striking it rich

BY DAVID PRYCE-JONES

Swans Reflecting Elephants
by Edward James, edited by George Melly. Weidenfeld and Nicolson, £8.95. 178 pages

The sun that shines on
Edward James
Shines also down on me:
It's strange that two such
simple names
Should spell such mystery.

According to John Betjeman, who wrote these lines in *Summoned by Bells*, Edward James was a notable Oxford aesthete of the 1920s, contributing to the private giggles of a private world. Betjeman continued:

The air he breathes, I breathe it too—
But where's he now? What does he do?

As if in answer, Edward James surfaced not long ago in the colour supplements; he had sold some expensive pictures to finance his hobby of laying out ruins and follies in remotest Mexico, with the help of local Indians. A strange but powerful recluse seemed to have declared himself.

His parents, Mr and Mrs Willie James, were friends of Edward VII's, whom they entertained at West Dean, their magnificent house in Sussex. (It is claimed here that Mrs James was actually the King's illegitimate daughter.) Willie James was a relation of the novelist Henry James; his fortune was American, and it was worth $20m when he died before the First War.

To inherit so much, and more still, from uncles, has not been great fun. Everyone was always after him for his money, it appears, and he saw no choice but to pay up and feel bad. His mother's rages called her sanity in question. His step-father was feckless, his sisters jealous, his trustees unprotective. He was miserable at prep school and at Eton. Bouts of solitary sobbing devastated him. At Oxford at last he was free to indulge himself and cultivate smart friends, but he felt that none of his ambitions would be treated seriously because he was so rich.

Ballet and theatre interested him, and he was the patron of talented people like Balanchine, Kurt Weill and Brecht, and the surrealist artists.

What happened when he married Tilly Losch, the beautiful Viennese ballerina who turned actress and star, is the core of the book. Under the high-society gloss lurked lovers and abortions; and fights over possessions, culminating in a divorce luridly publicised at the time.

"But where's he now? What does he do?" Perhaps he really was ostracised by society as a result of divorce, as he apparently believes, retreating in the end to the Mexican jungle in order to express his wealth in the form of lonely architectural fantasies. Perhaps he was in confusion about what he might expect to be given by other people. To judge from his book, self-pity seems to have worked vindictive ironies upon what ought to have been the perfect aesthete's life.

On Kew

Kew: Gardens for Science and Pleasure
edited by Nigel Hepper. HMSO Books, £9.95. 195 pages.

HMSO and the staff of one of the world's most famous gardens have come together to publish a record worthy of Kew and its Sussex annexe at Wakehurst Place: a delight for specialist and non-specialist alike.

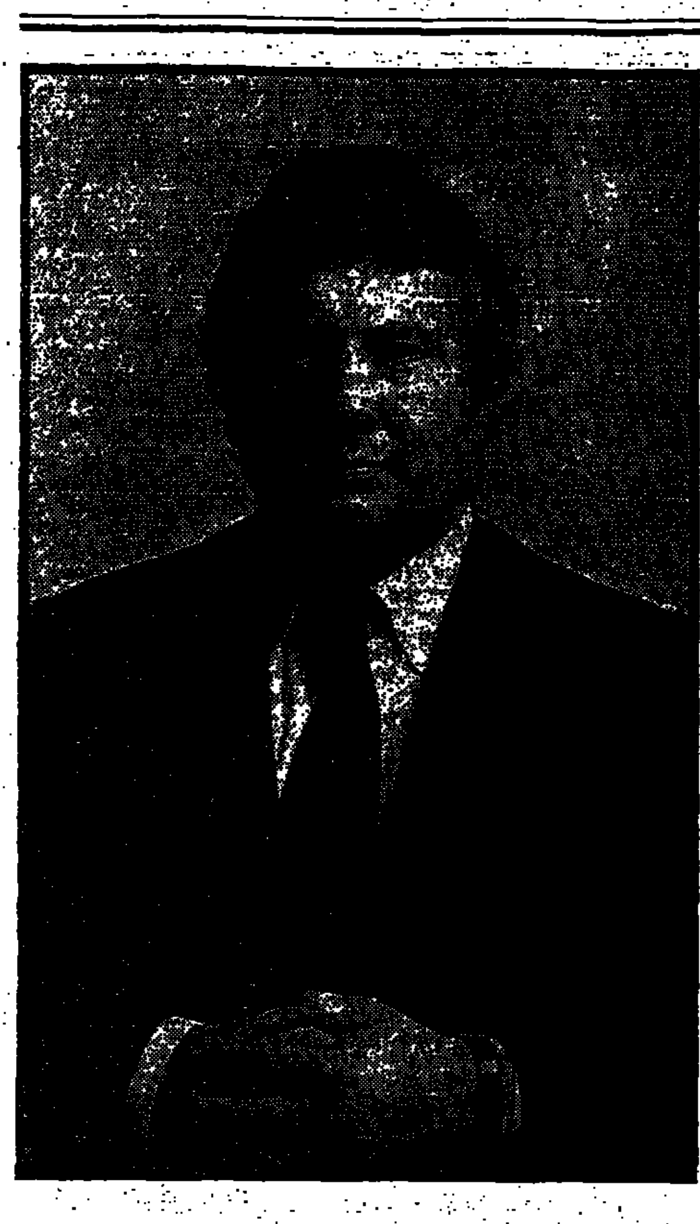
Beautifully illustrated with photographs from the Gardens' own huge collection, it tells the story of Kew's origin and development, its royal associations, living botanical collections, and contribution to science.

GAY FIRTH

HOW TO SPEND IT

by Lucia van der Post

Putting you in the picture



TERRY KIRK

ALAN RANDALL

PHOTOGRAPHY, it seems, is just about our favourite hobby. Three out of every four adults own a camera and we spent some £555m on photography last year alone. Most of us seem to be singularly inept at this hobby, though no figures are available to reveal the numbers of family scenes with cut-off heads, out-of-focus action shots or pictures of granny showing little more than a distant figure surrounded by what seems to be cloud. If you are thinking that this is the year when you are going to get it altogether, when your holiday is going to be accorded its due status in the family album, then the first thing you need to do is to choose the right camera. With this in mind we asked four experts, all of them working photographers, to give us their very personal recommendations, in three price brackets, for the amateur photographer.

TERENCE DONOVAN

TERENCE DONOVAN hardly needs any introduction. There can scarcely be a person in the land who doesn't know his work, who wouldn't recognise his robust frame if they bumped into it in the street. Most people by now, probably think that he, like David Bailey, comes with an Olympus Trip, as inevitably as Christopher Robin comes with Pooh. However, Donovan (*it's a sign of having arrived* when, like butlers, you are known by your surname alone) points out that the reason he was *asked to advertise Olympus* cameras was because they were already getting so much business through his unsolicited *recommendations* to friends and colleagues that they approached him and since then he has become involved in the design process too.

UNDER £50

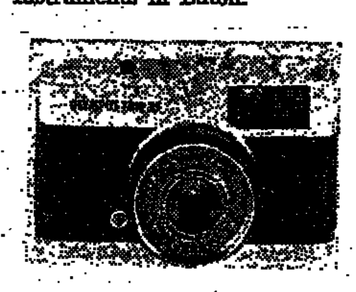
"For holiday snaps you can't beat the Olympus Trip [£44.99]—one of the few cameras you can just pick up, press the shutter and get a good result." The key thing, in his opinion, is to avoid 110 cameras—"the negatives are too small for sharp pictures and photographs, as a matter of physics, improve in direct correlation to the size of the negative. It's also hard to hold still. I've been a photographer for 25 years, I play judo, don't smoke or drink and even I get fudgy results. So how can a fellow, drunk in Benidorm take a decent shot of his wife with one of them?"

UNDER £100

"It has to be the Olympus OM10. At £99.99 complete with 50mm f1.8 lens it is a very sophisticated piece of equipment and if you want to improve it later on it will take all the more expensive Olympus lenses. The light meter is extraordinarily accurate. If you eventually decide to graduate to an even more elaborate Olympus camera the lenses you have bought for this one will still be useful."

MONEY NO OBJECT

Olympus OM2 with a 50 mm f1.8 lens costs £179.99. "This can be fitted with the most amazing zoom lens—sharper than any other lens I've come across. The flash Rolls-Royce of the business is, I suppose, the gold-plated Leica R3." The Leica comes in a limited edition of 1,000 and costs somewhere between £4,000 and £5,000 and can be bought through E. Leitz Instruments in Luton.



Olympus Trip, £44.99, **a fixed lens camera, fully automatic with a round-the-lens exposure meter. One of the few pocket 35 mm models.**

TERRY KIRK

TERRY KIRK is one of our own Financial Times photographers, able to turn his hand from a portrait of Ray Buckton to a moody shot of an early morning market in Abu Dhabi.

UNDER £50

"The Olympus Trip is completely idiot proof and is small enough to fit into any pocket. It is a 35mm fixed lens camera that *comes complete with lens.* It has been around for about four years and is far and away the best of the cheap cameras.

UNDER £100

"The Nikon EM at £89.99 *with 50 mm f1.8 E lens is fully* automatic there is a complete range of interchangeable lens and Nikon offers an excellent *back-up service. It is very* durable and the lens is far superior to any other at the price. If you want to take action shots you can get a motor drive facility added."

MONEY NO OBJECT

"The Nikon F3 is a much more sophisticated piece of machinery—anybody spending money in this bracket should take as much care as, say, buying a car. You should look at it carefully, hold it, get the feel of it, go through the details of its working in the shop (some cameras need five adjustments before you even take a picture and you may not have the patience for that). Remember that you shouldn't buy a camera just from the advertisements—a Ferrari, for instance, looks *great, but it's not until you get* into it that you realise you're sitting on the floor. So with a camera, you may not realise *until you've bought it that it's a* lot more complicated than you're prepared to grapple with."

Nikon EM, with a 50 mm f1.8 E lens, ***£89.99.*** ***A single lens reflex camera with a vast range of lenses and accessories for those who may want to take up, say, sport or wild-life photography.***

ALAN RANDALL

ALAN RANDALL is most noted for his TV commercials (the Royal Tournament one is showing now) and for his soft-focus interior shots in glossy magazines.

UNDER £50

"Spend £5 (or whatever it costs) on an advertisement in the New Standard or your local evening paper and ask for a Canon Dial, which is now out of production. It is a clockwork windup 35mm single lens reflex camera with a front that looks like a telephone dial. It has a metal case with a black rubber knob and a clockwork motor. It winds film automatically and has a very good quality lens. It takes ½-frame exposures so on a 36-roll film you will get 72 exposures, which is very good value. I bought one through Photographer Magazine 18 months ago—I paid £45 and it takes very good family snaps."

UNDER £100

SX70 Polaroid Camera, £99.99. "The beauty of this camera is that you don't send the film away for processing. It has very good colour quality and it gives permanent prints as well. I use it when filming TV commercials and as a record of the day's filming. There is room on the photograph for captions and other details. The disadvantage is that the film is expensive—the advantages are that you don't have to peel off the back or wait for processing. It is all instant."

Nikon F3, with a 50 mm f1.8 lens, £394.99. A professional standard camera with probably the widest range of accessories and lenses in the world.

MONEY NO OBJECT

"I would suggest that at this level you should go for interchangeable lenses. Either the Nikon F3 with a 50mm f1.8 lens at £394.99. It is fully electronic, has a manual override and takes the full range of Nikon lenses. It is a 35mm single lens reflex camera and I have found you can hire any accessory for it anywhere in the world. It is a heavier duty camera than the Olympus and I use it all the time—mine was bought in 1967 and has survived being dropped several times.

Otherwise there is the Olympus OM2 with 50mm f1.8 lens at £179.99. It is also fully automatic and has a unique and revolutionary way of measuring light—the meter is activated at the last possible moment as you press the button. However, I don't think it is as robust as the Nikon."

●

All the prices given here are those quoted to us by Dixons, the photographic chain, this week. However, anybody who really wants to make sure he buys his camera at the lowest possible price should not only compare prices in as large a variety of shops as his energy and shoe leather allows but also consult the many advertisements in the photographic magazines.

JOHN SWANNELL

JOHN SWANNELL is a top fashion and beauty photographer whose work has appeared in all our top glossies *as well as on the fashion and* beauty pages of most national newspapers.

UNDER £50

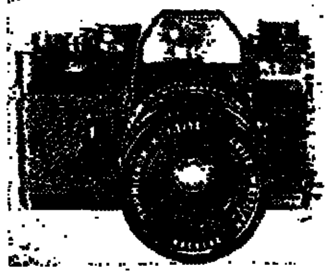
"The Olympus Trip at £44.99 gives amazing reliability—any fool can use it and get good results."

UNDER £100

The Olympus XA2 at £49.99, John Swannell thinks is good value. "It is a compact 35 mm camera which is small, easy to carry, automatic and has an optional built-in flash."

MONEY NO OBJECT

The Leica Safari comes in a limited edition of 2,000 models and costs £600 without the lens—complete with lens it works out at about £1,000. "It is khaki coloured, looks very original, takes 35 mm film, and can be manual or automatic. It is very sturdy and of excellent quality. The model is now about two years old and is bought primarily by collectors and professional photographers." For details of your nearest stockist contact E. Leitz Instruments, 48, Park Street, Luton, Beds. (tel. Luton 413811).



Leica Safari £600 without lens. This is a precision-built, German-made model, the Rolls-Royce o the camera world, produced in a limited edition.

Olympus XA2, £49.99 **is truly a pocket 35 mm camera (many described as such, need very large pockets), a fixed lens model** ***with an optional built-in flash.***

Do's and don'ts

● Do take the trouble to learn as much as you can about your camera. You would be surprised at the number of people who do not even read the instructions properly. If you feel you would learn more quickly with practical lessons you might like to know about The Camera Club at 8 Great Newport Street, London WC2 (tel. 01-240 1137). It holds one-day £10 courses for non-member beginners once or twice a month. You arrive with your empty camera, are taught basic principles, how to load it, how to use it and you take photographs which are processed during lunch. After lunch you are given lessons on processing, choosing contacts and printing. If you think you would like to go along you will have to join the waiting list — when your name comes to the top you will be contacted.

● Don't always have the sun ***right over your shoulder*** **— the best pictures are nearly always taken in bright light, as opposed to brilliant sunshine. Also some of the best pictures are taken against the side of the sun.**

● Don't be afraid to move in on your subject — most pictures are taken from too far away. What looks beautiful to the eye (ie, a wide sweep of beach) through the lens is just a thin line of sand.

● Don't pose groups of people—it always looks false. Take pictures of your nearest and dearest when they do not know you are at it.

● Don't listen to people wittering on about their best profiles, positions and so on, these nearly always result in the worst, stiffest pictures.

● Do try to keep the camera still — tuck your elbows into your chest, put your palm under the camera to steady it and you have made yourself into an improvised tripod.

What price 1981 clarets?

WINE

EDMUND PENNING-ROWSELL

A NUMBER of wine merchants are now offering their customers the 1981 clarets. What are they like? Personally, owing to being abroad when several important trade tastings were held in London, I have only sampled a handful, insufficient to form a firm opinion, but they are deep-coloured wines and obviously well-made.

Some of the early enthusiasm that impelled at least one prominent proprietor to suggest that here was another 1961, has diminished; as well it might in view of the intermittent rain during the vintage, of which I was a witness. However, this had followed almost two months of exceptionally fine weather, and the grapes were both ripe and free from rot.

No two vintages are alike, but comparisons are being made with the 1976, and such a style would be popular with claret drinkers. For these are charming wines, for the most part already very agreeable to drink, but unlikely to live to a great age. *Early-maturing* 1981s would be welcome, particularly to claret drinkers with limited cash and accommodation. They should be a good buy.

Owing, however, to the unusual way in which many of the finer wines have been offered in Bordeaux, this has been a peculiarly difficult vintage for British merchants to buy, and there may be considerable variations in price, though not for the *petits châteaux* and the *crus bourgeois.*

The purchase difficulties in Bordeaux have arisen as a result of some important estates coming out very late with their prices, and then often offering an unusually small part of their crop. Some would only sell their 1981s to those who had either bought the less-good 1980s, or were prepared to do so now. Bordeaux merchants, with large amounts of unsold 1980s on their books, also imposed conditional sales, while others were reluctant to dispose of the small allocation of sought-after wines that they had been given initially until they knew what they would have to pay for the later offers.

Such manoeuvres are by no means new in Bordeaux, and were particularly prevalent in the boom of the early 1970s. It was hoped, however, that the severe slump that followed had at least curtailed practices that *do not do its reputation any* good. They have existed, at least in part, because the market for the largest fine wine region in the world is a highly speculative one; and it has become more so owing to the comparatively recent intervention of outsiders looking for capital gains and counter-inflation hedges, and not at all concerned to drink the wines.

It was this incursion of investors/speculators outside the trade that was partly responsible for the boom that ended so disastrously.

How does the system normally work? Early in the New Year when the quality of the previous vintage wine can provisonally be assessed, soundings take place between the more important estates and the brokers. The former are greatly concerned to secure as good a price as their neighbours or as those in the same quality/price range.

Then from February onwards to April, the more important Bordeaux *merchants* "*on the list*" will receive prices, and possibly specified quantities, from the brokers, who add 2 per cent to the château price. The merchants will then quickly approach their clients in France and abroad, having added a profit margin of anything from 5 per cent to 20 per cent, with 10 per cent probably the average in these very competitive times.

Normally a château will sell all its wine in two slices (*tranches*), apart from any quantity kept for personal use and some marginal disposal later on. The second *tranche*, offered some months later, will probably be dearer than the first, though normally not wildly so. The lesser *growers*, however, will hope to sell promptly as much of their wine as possible.

But the first-growths are a law unto themselves. Traditionally they are the last to come out with their prices, even on the eve of the French holiday period, when trade ceases for a good month. In the days of the intense Lafite-Mouton-Rothschild rivalry these two châteaux tried to up one another by coming out last, but since Mouton joined the first-growth club in 1973 this has diminished.

This year, however, the two Rothschild-owned châteaux surprised the market by coming out first of all, near the beginning of the year. Their prices were identical: FFr 100 a bottle (compared with FFr 83 for the 1980). But the quantities offered were very small, and they announced that a second *tranche* would be offered in the autumn, with relation to *market prices* then ruling. Also those merchants who secured some of the first offer had to agree to buy the second one at the going price, which might be double the opening one. After Margaux and Haut-Brion had priced their wines at FFr 125 a bottle, Latour came out last, at the end of June, at FFr 150; and such was the state of the market that their normal opening quantity of 100 *tonneaux* was sold within the day. It is to be hoped that those who eventually hope to drink some of the 1981 classed-growth clarets will not find them priced out of the market as has largely happened with the Burgundy *grands crus.*

Period pieces

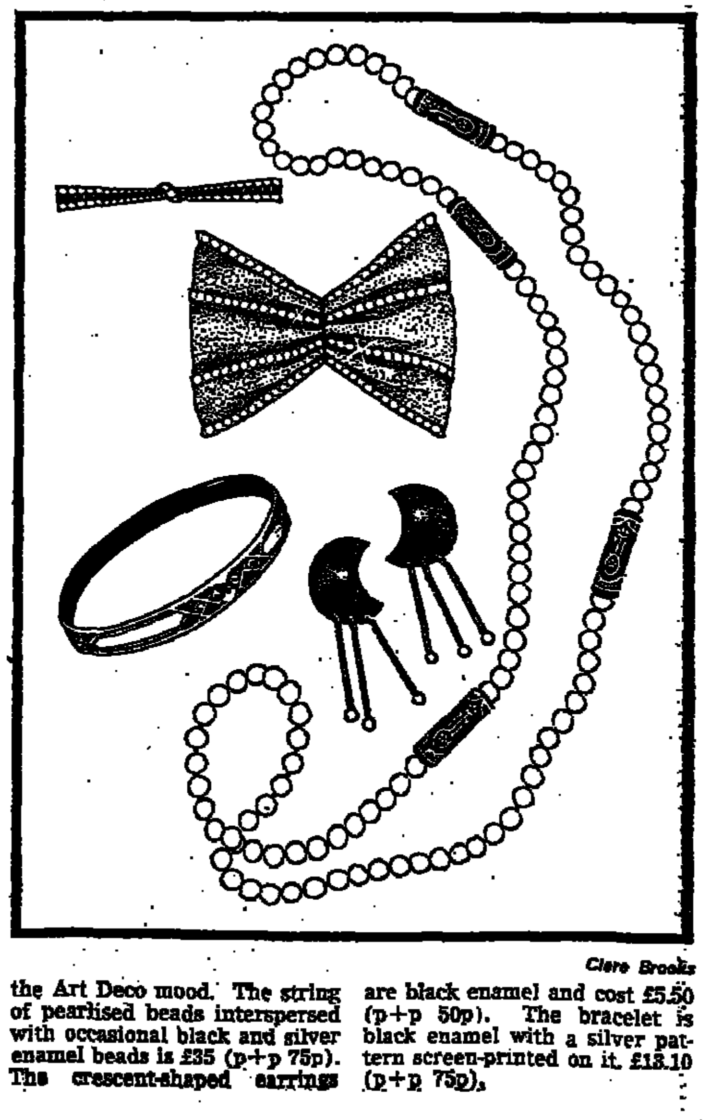
MICHAELA FREY is a *small* jewellery shop at 41 South Molton Street, London W1 which used to be known chiefly *for its fine Austrian enamel* work. Recently, however, the owners have been putting together a collection of Art Deco jewellery. Much of it is genuine—there are beautiful brooches, shaped like bows or flowers (in particular, there is the diamante and black jet brooch featured here and a stunning flower brooch, rather like an acanthus leaf), buckles (like the spectacular one sketched here) and earrings of all sorts.

The shop also has a collection of fake Art Deco jewellery—primarily to fill in the gaps and make up numbers, for genuine pieces are obviously limited in number.

For those who only want genuine antique jewellery, *there is also a fine collection of* Victorian bar brooches ranging from £45 to £600.

All the jewellery sketched comes from Michaela Frey who will post any of it to readers out of London. The small bow brooch, *top left, is a genuine* Art Deco piece made of paste and diamante. £32, p + p included.

The large bow-shaped buckle below the brooch is also a genuine piece made somewhere between 1900 *and 1920.* Again it is made of paste and diamante. £25, including p+p.



Clare Brooks

The other three pieces in the sketch are modern but made in the Art Deco mood. The string of pearlised beads interspersed with occasional black and silver enamel beads is £35 (p+p 75p). The crescent-shaped earrings are black enamel and cost £5.50 (p+p 50p). The bracelet is black enamel with a silver pattern screen-printed on it. £13.10 (p+p 75p).

ARTS

Royal Ballet School

BY CLEMENT CRISP

The Royal Ballet School's annual performance at Covent Garden on Thursday evening began, as is now traditional, with traditional dances. There were the usual pleasures in watching the young hopefuls nipping and tucking through their reels and circles, with the occasional gruff treble urging some change of pattern in a sword-dance, and the usual (for me) sense of desolation at the twanging tedium of the accompaniment. (They pipe folk-music into the lifts in Hell.) A welcome innovation this year was a suite for 12 sailor-suited senior boys by Erik Bruhn to a brassy score by Morton Gould. It is a light-hearted yet searching display-piece, calling for speed, stamina, quick rhythmic and musical response. The young chaps did well—Bruce Sansom exceptionally elegant in his solos—and working contact with the Apollo of *danseurs nobles* must be accounted a vital broadening of Royal Ballet School horizons.

The main matter of the evening was the performance of *Giselle*, staged by Peter Wright in his Peter Farmer-designed version for SWRB. I remain to be persuaded that full-length ballets are suited to apprentice dancers. Too much weight must lie on the young shoulders of the principals, and apart from displaying — as in this instance — a well-drilled corps, the shadows of professional interpretation loom disquietingly over the presentation. Immaturity was omnipresent on this occasion. Mime lacked the authority which can only come with stage experience; the befeathered complication and lurid orange glow of the costumes extinguished many of the hunting party, though I was impressed with the cool charm of Michelle Hocking as Bathilde. Dancing was neat, but I was not made to feel, as in the past, that the student artists were already professionals. Bright-eyed eagerness shone everywhere through the fabric of the first act.

The evening marked most promising débuts by Leanne Benjamin and Jonathan Cope as Giselle and Albrecht. Miss Benjamin is small, fine-boned, with a natural and undeniable talent that shows in the gazelle-like spring and lightness of her dancing. There is, intriguingly, a suggestion of fantasy, of nervous vitality in her manner which ballerina coaching and experience should shape into something vividly communicative in the theatre. At present her first act peasant girl is too vivacious, too uncontrolled, though there resulted from the almost hectic zest of her playing a mad-scene lit by flashes of rare excitement: Giselle's hysteria shockingly real in a sudden outburst of leaps that seemed to wrack her body. In Act 2, where the corps de ballet was admirable in discipline, Miss Benjamin produced dancing buoyed up by her free, airy jump, and revealed the first fascinating signs of individuality: in physique she somewhat resembles Gelsey Kirkland, and there was a touch of Kirkland's mysterious ease as the wili in her dancing.

Mr Cope is tall; he has good line and an already secure technical resource, with clean beats, good elevation. The Loys who plays peasant in the village scene is a difficult assignment for any danseur, but Mr Cope makes a decent enough shot at the character, and in the forest scene he finds the proper Romantic drive for Albrecht's personality and his dances, which he states with welcome prowess. It seems a critical rule that apprentice dancers should be "encouraged" with uniformly kind words at debuts such as these. Miss Benjamin and Mr Cope seem to me to be worth more honest consideration: we can hope for fine things from them. The Royal Ballet School appears at Sadler's Wells all next week with *Giselle* and a mixed bill.


Leanne Benjamin and Jonathan Cope

It's all in the mind

BY B. A. YOUNG

For three weeks now I have been listening to a series called *From Molecules to Mind* (Tuesdays on Radio 3) and I have to confess that I haven't understood more than half of it. Words like dinorphin, encephalin, endorphin, pheramone and hypothalamus are scattered about the scripts like hurdles down a 110-metre track. I don't even know if I've spelt them right, for half of them aren't in my dictionary.

You get to recognise them after a bit, and what I've got from these programmes has been both interesting and alarming. The possibilities of neurosurgery seem to me as dangerous as they are beneficent. By treating a canary with testosterone, you can make a hen canary sing like a cock. Let the Women's Libbers get hold of testosterone, and where do we end? You can redirect the fibres in a brain so that sound is heard by the eye, light perceived by the ear. "Within five to ten years," said Professor Jack Diamond (ominous name!), "people will have found a trick to make the mammalian brain regenerate, perhaps even as well as the lower vertebrate brains."

Professor Diamond was working on hamsters rather than humans. One of his discoveries is that if you disconnect half of the optic lobe of a young hamster, the necessary fibres will connect again, but they may result in the hamster looking to its left when it has a stimulus from the right. Easy to make fun of these things, to think it comic when a moth is given one male and one female antenna. All right, it is funny. But also, despite the inevitable protests of the humanitarians, it's potentially useful—in the right hands. Next Tuesday the last in the series will deal with memory, thought, attention and the mind. What, I wonder, will the neurosurgeons be able to do with these?

Still in the intellectual world, but in a more comfortable area of it, were three in a new series of readings from the Lyttelton / Hart-Davis letters, the correspondence between George Lyttelton, a former English beak at Eton (and father of Humphrey), and Rupert Hart-Davis, once his pupil, then an actor, then a publisher. I wonder at what stage they decided to keep one another's letters. The Young/Young letters, between me and my twin brother, are witty, erudite and well-informed, but at my end at least they go into the waste-paper basket when they have been read.

The Lyttelton / Hart-Davis letters are routine exchanges between two cultivated men. "That Housman line was splendid," writes H-D to L. "I must look it up." "Your reference to Dr Johnson and A. C. Benson reminded me of the stage-doorkeeper at the Lyric, Hammersmith." Both correspondents kept commonplace-books to record the best things—not their own obiter dicta but the happy quotations they swopped from their wide reading. Hart-Davis, being a publisher, had a better chance to light on something new; he lit on Charles Causley's poems and delighted his old English-master. The letters in these programmes date from 1956 and 1957: Radio 3, of course, last Saturday, Sunday and Monday. In the last letter we heard, Lyttelton, after recalling cricket from a happier age, suddenly wrote, "Will you please swear to tell me when I am a bore?" It doesn't sound as if he often was, but I'd bet that Hart-Davis, whose tone is as respectful as if he were still *in statu pupillari*, wouldn't have told him.

The letters are delightfully read by Cyril Luckham and John Julius Norwich. I wouldn't want the books at my bedside; I think the voice is essential. Radio 3 might read five minutes' worth every night after the programmes end, as they played Schubert's songs in that magical anniversary year.

At the other end of the intellectual scale, though not at its extreme end, *Here's a How Dee Doo!*, Radio 2 on Thursday, was a radio version of a show formerly called *Twisted Cues*, a one-man Gilbert and Sullivan extravaganza by John Judd, which has been touring happily for some time and played a short season at the Arts. John Judd is like Hinge and Bracket. I don't mean that he plays in drag, but though he is getting a laugh out of his material he never denigrates it; in fact he sings the numbers very properly. Thursday's bit was only the first half of a two-part production. John Judd plays almost everyone (and also appears in what looks like being a good seven-part version of Le Carré's *A Small Town in Germany*, with Kenneth Haigh and Bernard Hepton, Sundays and Wednesdays on Radio 4). Pianist Paul Knight plays everyone else.

Tippett-Berlioz festival at RFH and Barbican

The largest public concert series of Sir Michael Tippett's music ever mounted is to be presented by the London Symphony Orchestra this autumn. In a 34-concert Tippett-Berlioz Festival at the Barbican Hall and Royal Festival Hall, the LSO, in association with the English Chamber Orchestra, will perform 12 works by Tippett and 11 by Berlioz.

The Enchanted Castle of Claude

BY WILLIAM PACKER

The run of small explicatory exhibitions at the National Gallery has become so much a part of London's cultural life that we are inclined to take it too much for granted and, through an assumed familiarity, overlook and miss the treats it affords us.

We know the sort of thing: the attention now focused upon a single great work from the collection, or more lately a pair that may be made to bear some particular relation to each other, whether in point of style, preoccupation, period or material. Always there will be the supporting and documentary matter to propose, or even carry the argument; and the short lecture on slide and tape, now technically so assured, and always full of surprises, ideas, information, and beautiful images.

Long may it continue so: the first duty of an institution such as the National Gallery is to its permanent collection, which by its very nature cannot repeatedly be cobbled into temporary blockbuster exhibitions. If our interest in this valuable exercise can be teased and retained by an appearance of change in its policy now and again, well that is fair enough.

So it is that *Enchanted Castle*, a painting by the great proto-Romantic, Claude Lorraine, and purchased last year, is the subject of a delightful exhibition-cum-slide show, the first "Acquisition in Focus" (until September 19). It is a lovely thing, and we are all better off for having it.

Certainly the transaction needs no further justification or gloss; and since the quality of the work speaks for itself, Michael Wilson, who put the show together, has concentrated rather on the imagery and subject-matter, both demonstrating the practical sources and references, most especially in the imaginative compilation or actual architecture in the castle, and also clarifying the story represented.

The Fairy Castle stands on its promontory in deep, cool shadow against a pale morning sky; and on the shore before it, cast in that same mood of serene and infinite melancholy, sits a young woman, a shepherdess perhaps, for there are animals grazing nearby, who gazes far out to sea. It is an image that can be as unspecific as we care to make it, and always it has had a peculiar power over the Romantic imagination, supplying indeed the very model of Keats' "Charm'd magic casements, opening on the foam of perilous seas, in faery lands forlorn," for all that this sea is conspicuously calm.

But the girl is, of course, Psyche, as Wilson so clearly shows, here the victim of innocent but dreadful misunderstanding, and so abandoned it would seem forever by her lover, immortal Cupid. Soon poor Psyche determines to drown herself but, so the story goes, the waters refuse to receive her: and indeed this picture, dating from the mid-1660s, when Claude himself had just recovered from dangerous illness, makes a pair with a Psyche Saved that is now in Cologne.

The story is not so familiar to us now as once it was, but it is one which touches nerves deep in our culture: the beautiful mortal beloved by a God; the jealous sisters; the dangerous but miscarried revenge of Venus that smacks so much of Oberon's upon Titania; the lover who must not be acknowledged; the Magic Castle as it were Prospero's island, "full of noises, Sounds, and sweet airs, that give delight, and hurt not." And there is Love at its most impulsive and volatile, and Psyche herself, the personification of the constant Soul.

Steve Miller Band

BY ANTONY THORNCROFT

It was good timing for the Steve Miller Band to pay its first visit to the UK in seven years just when its recording of "Abracadabra" was nudging the best selling single spot in the charts. It ensured a couple of packed and happy concerts at Hammersmith Odeon, with an extra date added last night to mop up the overflow.

Steve Miller has been around for years and is one of the great survivors of the Californian West Coast pop explosion of the late 1960s. This was where and when drugs made their baleful contribution to rock and Miller had his problems but he looked the part of a survivor on Thursday night with his black leather trousers and white guitar and a chubby genial performing manner.

He has done it all a thousand nights before backed in his time by such future luminaries as Boz Scaggs and Nicky Hopkins. His current band is solidly professional, not flashy but beautifully at ease with each other, and Miller himself leads but does not dominate on guitar.

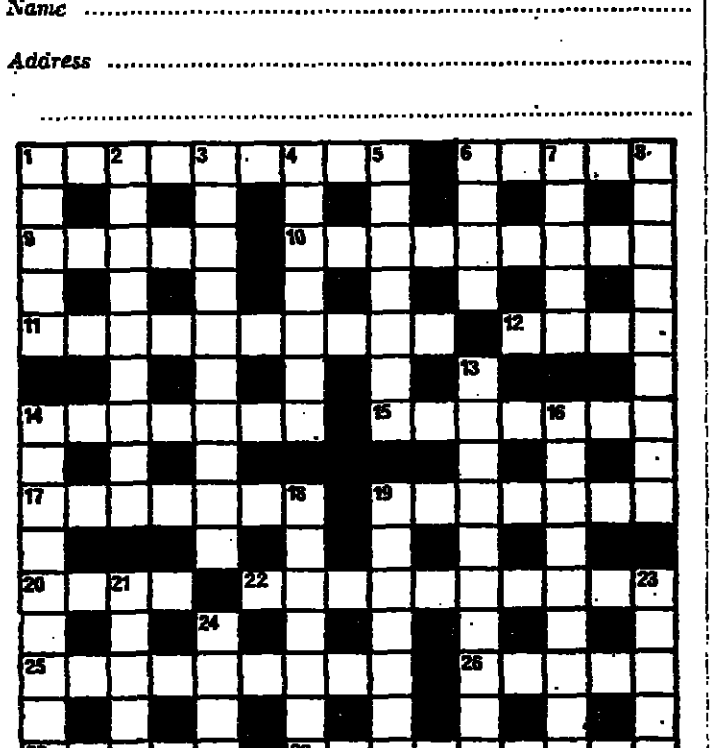
After so many years the material is a history of pop, a disco funk number being followed by a good old steady song. "Abracadabra" is white funk, with a nod towards the Police, a fair copy since Steve Miller's own output over sixteen years has been milked by younger artists. The audience took some time to get to their feet and the Band does not go in for much showmanship, just a cake walk around the stage and some nestling up between Miller and the bass player, but all in all an enjoyable exercise in main-stream music with the added pleasure that Steve Miller has survived long enough to enjoy his belated British fame.

F.T. CROSSWORD PUZZLE NO. 4,931

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



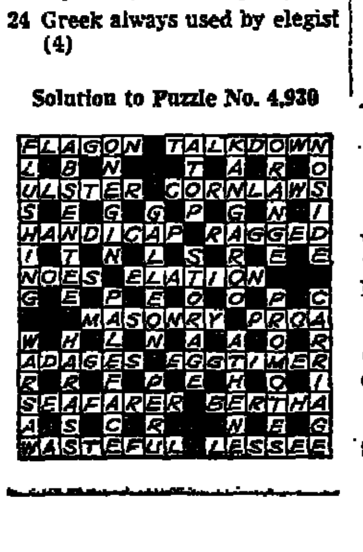
ACROSS

1 Carpenter's tool as means of raising aircraft (4-5)
6 Plant grown from seed around top of greenhouse (5)
9 Hock dealer not necessarily German (5)
10 Middle kingdom in the soup? (9)
11 Business merger to protect the workers? (5-5)
12 Halt—street work! (4)
14 Opening in shelter, he takes what is left (7)
15 Circus barker? (7)
17 Of course he is making enquiries (7)
19 Hot-line of maximum length (7)
20 Over this short distance, the certainty is a non-starter (4)
22 Hot, aproned perhaps—large part of it is for Mum! (10)
25 As No. 1 counterfeiter does—the very limit! (9)
26 May it produce goodwill (5)
27 Alarm-call booked thus by May-queen designate (5)
28 Spooner perhaps in names—negative sort of fellow (3-6)

DOWN

1 Knight's aggressive move, nothing if not fair (5)
2 "Land of Hope and Glory" in Elgar's overture? (9)
3 Now is the time for giving (7-3)
4 Loan progress (7)
5 Absorb all attention in corner (7)
6 Third man for opening pair (4)
7 First try at having underground system coming up (5)
8 Revelatory thing, a lid (3-6)
13 Under-coping by architect? Could be a bad result (10)
14 Weariness coming from tailored lead suits? (9)
16 Many in Mass anthems—permits to enter needed (9)
18 Cavalryman dressed in woman's clothes? Nothing further to be seen! (7)
19 Football team always overweight (7)
21 Provide food to be eaten by creditor (5)
23 Party hankering for senior diplomat, for example (5)
24 Greek always used by elegist (4)

Solution to Puzzle No. 4,930



SOLUTION AND WINNERS PUZZLE NO. 4,925

Miss E. G. Sloan, 10B Mount Vernon House, Shore Road, Belfast BT15 4BA, Northern Ireland.

Mr Jonathan Mack, 15 Craigiebuckler Avenue, Aberdeen AB1 7SH.

Mr P. A. Meachaen, 15 Honeygate, Luton, Beds LU2 7EP.

BBC 1

† Indicates programme in black and white

6.25-8.55 am Open University (uhf only). 9.05 Weekend Wardrobe. 9.30 Get Set. 10.42 Weather.
10.45 Grandstand, including 1.15 pm News Summary: Cricket (10.50, 2.10, 2.45, 3.30) The Benson and Hedges Cup Final: Nottinghamshire v Somerset from Lord's; Swimming (1.30) The Philips Synchronised Swimming Festival; Racing from Ascot (1.50, 2.25, 3.10): The Royal International Horse Show (3.30) from Wembley Arena: Athletics from Crystal Palace (4.45).
5.10 Alias Smith and Jones.
6.00 News.
6.15 Sport/Regional News.
6.20 David Essex' Showcase.
7.00 The Saturday Film: "Pocket Money," starring Paul Newman and Lee Marvin.
8.35 Summertime Special from Eastbourne with Les Dawson.
9.20 News and Sport.
9.35 The Royal International Horse Show from Wembley Arena.
10.40 Kelly Monteith with his comic view of life.
11.10 Saturday Live.
12.00 Harry "O".

REGIONAL VARIATIONS:
Cymru/Wales — 6.15-6.20 pm Sports News Wales.
Scotland — 6.15-6.20 pm Sport/Regional News. 12.50 am Scottish News Summary.
Northern Ireland — 6.15-6.20 pm Northern Ireland News and Sport. 12.50 am Northern Ireland News Headlines.
England — 6.15-6.20 pm South-West (Plymouth): Spotlight Sport. All other English regions: Sport/Regional News.

BBC 2

6.25 am-1.30 pm Open University.
3.10 Saturday Cinema: "Don't Just Sand There," starring Robert Wagner and Mary Tyler Moore.
4.45 Cricket: The Benson and Hedges Cup Final—Nottinghamshire v Somerset.
7.20 The Sky at Night.
7.40 News and Sport.
8.00 Ireland: A Television History.
8.50 The Levin Interviews: Bernard Levin talks to Alfred Brendel, pianist.
†9.20 Hitchcock: "Strangers on a Train," starring Farley Granger, Ruth Roman and Robert Walker.
11.00 News on 2.
11.10 Cricket: The Benson and Hedges Cup Final.
†11.40-1.30 am Hitchcock: "Psycho," starring Anthony Perkins and Janet Leigh.

LONDON

8.30 am Sesame Street. 9.30 Saturday Action. 11.15 Space 1999.
12.15 pm World of Sport: 12.20 Cycling — The Tour de France; 12.35 Target Bowls —The Double Diamond British Championship Final from Torquay; 1.00 pm Motor Cycling—Yugoslavian 500 cc Grand Prix from Rijeka followed by Australian Pools Check; 1.15 News; 1.20 The ITV Six from Newcastle and Beverley; 2.55 Formula 1 Stock Car Racing—Billows European Championship from Northampton Stadium; 3.30 Speedway — Intercontinental Final of the World Individual Championship from Sweden; 4.00 News Round-Up; 4.05 Wrestling; 4.55 Results.
5.05 News.
5.15 Worzel Gummidge—starring Jon Pertwee.
5.45 The Incredible Hulk, starring Bill Bixby.
6.45 Funnybone.
7.15 Russ Abbot's Saturday Madhouse.
7.45 "Disaster in the Sky," starring Doug McClure.
9.30 News.
9.45 ITV Playhouse.
10.45 London News Headlines, followed by Bosom Buddies.
11.15 Continental Movie: "Love in the Suburbs," starring Marthe Keller.
12.50 am Close. Sit Up and Listen with Dame Cicely Saunders.

All IBA Regions as London except at the following times:—

ANGLIA

9.10 am Sesame Street. 10.10 The Extraordinary People Show. 10.40 Cartoon Time. 10.50 Clapperboard. 11.20 Thunderbirds. 5.45 pm Chips. 10.45 Mannix. 11.45 That's Hollywood. 12.15 am At the End of the Day.

BORDER

9.35 am The Adventures of Black Beauty. 10.00 Tarzan. 10.50 Clapperboard. 5.45 pm Chips. 10.45 The Streets of San Francisco.

CENTRAL

9.25 am Come Close. 9.40 Clapperboard. 10.10 Gather Your Dreams. 10.40 Feature Film: "The Great St Trinian's Train Robbery," starring Frankie Howard and Dora Bryan. 5.45 pm Chips. 10.45 Thriller.

CHANNEL

5.15 pm Puffin's Pla(i)ce. 5.17 WKRP in Cincinnati. 5.45 Sale of the Century. 6.15 Mr Merlin. 10.45 Hill Street Blues. 11.45 Bizarre.

GRAMPIAN

9.35 am Stingray. 10.00 Tarzan. 10.50 Clapperboard. 5.45 pm Chips. 10.45 Danger UXB. 11.45 Reflections. 11.50 Musical Special.

GRANADA

9.25 am Falcon Island. 9.50 Sesame Street. 10.50 Clapperboard. 5.45 pm The Incredible Hulk. 10.45 Video Sounds. 11.15 The Late Film: "Survival Run."

HTV

9.55 am Vicky the Viking. 10.20 Sesame Street. 11.20 Space 1999. 12.13 pm HTV News. 5.14 HTV News. 5.45 The Incredible Hulk. 10.45 Saturday Night Film: "Fear in the Night," starring Judy Geeson, Joan Collins, Ralph Bates and Peter Cushing.
HTV Cymru/Wales—As HTV West except: 9.55-10.20 am Animals in Action. 5.15-5.45 pm Sioe Amseithyddol Frenhinol Cymru—Llanelwedd.

SCOTTISH

9.35 am Stingray. 10.00 Tarzan. 10.50 Clapperboard. 5.45 pm Chips. 10.45 That's Hollywood. 11.15 Late Call. 11.20 The New Avengers.

TSW

9.05 am Sport Billy. 9.30 The Saturday Show. 10.30 Spiderman. 10.55 Charlie's Angels. 11.45 The Adventures of Black Beauty. 12.12 pm TSW Regional News. 5.15 TSW Regional News. 5.17 WKRP in Cincinnati. 5.45 Sale of the Century. 6.15 Mr Merlin. 10.45 Hill Street Blues. 11.45 Bizarre. 12.10 am Postscript.

TVS

9.00 am Saturday Brief. 9.05 Sesame Street. 10.05 Sport Billy. 10.30 No. 73. 11.45 Benson. 5.15 pm TVS News. 5.50 Chips. 10.45 Thriller: "The Fear is Spreading." 12.05 am Company.

TYNE TEES

9.00 Young Ramsay. 9.50 Joe 90. †10.20 Saturday Morning Movie: "Seven Days to Noon." 12.05 pm Check It Out Extra. 12.13 North East News. 5.15 pm North East News. 5.45 Chips. 7.45 "Callan," starring Edward Woodward. 11.00 In Concert—Liberace. 12.25 am Poet's Corner.

ULSTER

10.10 am The Extraordinary People Show. 10.35 Clapperboard. 11.05 Thunderbirds. 12.05 pm Golf Doctor. 1.18 Lunchtime News. 5.13 Ulster News. 5.45 The Incredible Hulk. 9.44 Ulster Weather. 10.45 Sports Results. 10.50 Thriller: "Carnation Killer." 12.10 am News at Bedtime.

YORKSHIRE

9.00 am Fang Face. 9.20 Animated Classics. 10.10 The Extraordinary People Show. 10.35 The Saturday Morning Picture Show: "Wild and Woolly." 5.45 pm The Incredible Hulk. 10.45 Pro-Celebrity Ten Pin Bowling. 11.30 The Monte Carlo Show.

RADIO 1

(S) Stereo broadcast only.
5.00 am As Radio 2. 7.00 Wake Up To The Weekend with Adrian John. 8.00 Tony Blackburn's Saturday Show. 10.00 Paul Burnett. 1.00 pm Adrian Juste (S). 2.00 A King in New York (S). 2.05 Paul Gambaccini (S). 4.00 Paul's Pleasures (S). 5.00 Rock On (S). 6.30-7.30 In Concert (S).

RADIO 2

5.00 am Peter Marshall with The Saturday Early Show and at 8.02 Racing Bulletin (S). 8.05 David Jacobs (S). 10.00 Jack Jones presents Star Choice (S). 11.02 Sports Desk. 11.03 Kenny's Fancy with Kenny Everett (S). 1.00 pm Here's A How Dee Doo! 1.30 Sport on 2: Cricket: Somerset v Nottinghamshire at Lord's; Racing: King George VI and Queen Elizabeth Diamond Stakes at Ascot; Athletics: The Robinson Barley Water AAA Championships at Crystal Palace; Show Jumping from the Royal International Horse Show at Wembley; Classified Racing Results at 5.45 pm. 6.00 Country Greats in Concert. 7.00 Three In A Row. 7.30 Big Band Special (S). 8.00 Vic Damone In Concert with Iris Williams (S). 10.00 Hilversum Greets Radio 2 (S). 11.02 Sports Desk. 11.05 Pete Murray's Late Show (S). 2.00-5.00 am You And The Night And The Music (S).

RADIO 3

7.55 am Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Stereo Release (S). 10.30 Beethoven and Medtner piano recital (S). 11.15 Midday Prom: BBC Northern Symphony Orchestra, Part 1: Hindemith, Stephen Dodgson (S). 12.00 Interval Reading. 12.10 pm Concert, part 2: Brahms. 1.00 News. 1.05 Affetti Instrumentali (S). 2.00 Chicago Symphony Orchestra (S). 4.00 Stravinsky (S). 5.00 Jazz Record Requests (S). 5.45 An American Voice (S). 6.40 The Classical Guitar (S). 7.15 Dustbin Words and Eric Partridge (Robert Burchfield on slang dictionaries). 7.30 Proms 82, Part 1: Mozart, Hamilton (S). 8.25 What Books I Please (Derek Robinson chooses A. J. P. Taylor). 8.45 Proms 82, Part 2: Falla orch. Halffter, Bizet (S). 9.40 A Closer Look (Vernon Scannell on Thomas Hardy). 10.00 Eddie "Lockjaw" Davis recorded at a recent London concert (S). 11.00 Gaston Chevrolet and The Great Race (short story by William Saroyan). 11.15-11.18 News.
Medium Wave as vhf except: 10.55 am-7.30 pm Cricket: The Benson and Hedges Cup Final, Somerset v Nottinghamshire at Lord's, including 1.30 News.

RADIO 4

6.25 am Shipping Forecast. 6.30 News. 6.42 Farming Today. 6.50 Yours Faithfully. 6.55 Weather, travel, programme news. 7.00 News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 Yours Faithfully. 7.50 It's A Bargain. 7.55 Weather, travel, programme news. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.46 Yesterday in Parliament. 8.57 Weather, travel, continental travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service (S). 10.45 Pick Of The Week (S). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm A Small Country Living. 12.27 The News Quiz (S). 12.55 Weather, programme news. 1.00 News. 1.10 Any Questions? 1.55 Shipping forecast. 2.00 News. 2.05 Thirty-minute Theatre. 2.35 Silent Avenues of the Past. 3.05 Wildlife. 3.30 The Lord of the Rings by J. R. R. Tolkien (S). 4.30 Does He Take Sugar? 5.00 Modern Italian Writers. 5.25 Week Ending (S). 5.50 Shipping forecast. 5.55 Weather, travel, programme news. 6.00 News, including Sports Round-up. 6.15 Desert Island Discs (S). 6.55 Stop The Week with Robert Robinson (S). 7.35 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Anchor and Hope (S). 11.00 Lighten Our Darkness. 11.15 Stop The Week, with Robert Robinson (S). 12.00 News.

LONDON BROADCASTING

7.00 am AM with Jenny Lacey and Magnus Carter. 10.00 Jellybone with Tommy Boyd. 12.00 LBC Reports with Tommy Boyd. 12.00 LBC Reports with Des Fahy. 1.00 pm Sportswatch with Dave Brenner. 6.00 LBC Reports with Des Fahy. 7.00 Goat Mats. 8.00 Network: From Athens to Central Park . . . a history of the Marathon. 9.00 LBC Special: "The Age Of The Plane." 10.00 Nightline with Carol Thatcher. 1.00 am Night Extra. 4.00 Hayes on Sunday. 4.30 Decision Makers. 5.00 Morning Music.

CHESS SOLUTIONS

Solution to Position No. 433

1 R-Q4! 2 N-Q8, NxN; 3 PxN, BxP; 4 BxB, R-Q1! (not RxB? 5 BxP ch winning) and the game was agreed drawn. White has to allow 5 BxP ch, KxB; 6 RxR, PxR when bishops of opposite colours ensure a draw.

Solution to Problem No. 433

1 N(B7)-N5, K-R1; 2 K-B7, P-N3; 3 N-B8, Px either P; 4 N-N6 mate.

COLLECTING

Antiques for gardens . . .

BY JUNE FIELD

MAJESTIC STONE figures stand in secluded corners in silent discourse, nymphs and satyrs sit saucily on plinths, peacocks preen their feathers, and surely that was a lion's roar? . .

No, only Concorde overhead. The grounds of Syon Lodge, where the Crowther family (Derek and his wife Cornelia and his daughter Lorraine), run an architectural antiques business specialising in period garden ornaments, is right under the Heathrow flight path. And naturally the noise distracts none of the intriguing occupants of the sylvan setting.

Over the centuries France and Italy have gone in for ornately carved classical figures to complement their pavilions, piazzas, and grottoes. And in the 17th century Andrew Marvell wrote: ". . . *statues polished by some ancient hand, May to adore the gardens stand.*"

It is said that the demand for garden statuary in England probably really got under way when for Hampton Court Henry VIII ordered 16 kings' beasts and sundials, 38 stone statues of kings and queens, several dragons and sundry other animals.

Classically designed well-heads, wall masks and temples — "few buildings exceed the magnificence, taste and beauty of the temple," rhapsodised Horace Walpole — also graced the grand landscaped parks of the mid-18th century. As did obelisks — "quadrangular stone shafts, usually monolithic and tapering, with a pyramidal apex" — as a dictionary definition goes.

Having crowded their homes with heavy furniture and bric-a-brac, the Victorians went on to fill up the empty spaces in their gardens. Cast-iron seats of "naturalistic" design were produced at Coalbrookdale faithfully to imitate fern, blackberry and other foliage. And Cassell's *Household Guide* of the 1880's showed how "garden furniture may be constructed with some degree of taste," referring to the pleasing use that could be made of oak "bangles," the smaller oak branches "grotesque in form (which) when varnished make very pretty rustic work."

On courtyard and terrace, on paving-stone and wall, sat urns, jardinières and vases, and the focal point on long, hot summer evenings were the cool rippling fountains. In pavilions and temples, miniature summer-houses with a cupid in the centre, surrounded by a rustic bench, even a demure Victorian maiden might be permitted to sit with her beau. Out of sight but within earshot of a chaperone, only the garlanded bust, putti or goddess would be there to fix a sightless gaze on them.

The business of Crowther of Syon Lodge owes its origins to Tom Crowther, grandfather of the present owner, Derek Crowther. Tom was a stonemason who produced marble mantels and tombstones in the workshop of his London home. When imports of Italian marble threatened his livelihood, he turned to the buying and selling of the fittings of old houses, rescued before demolition.

When Tom died in 1929, his sons Bert and Tom took over, but the partnership did not last long. Bert bought Syon Lodge, dower house built in 1770-80 by the Adams brothers within the Duke of Northumberland's Syon House. Here he built up the diverse selection of period statues, ornaments, drive-gates, chimney-pieces, fireplaces, panelling and so on that came from the country estates as well as the grand town houses that were gradually being broken up.

In the bigger pieces, particularly, quality and age are important, but some weather erosion is acceptable. Patina and line in statuary of stone, marble, bronze and lead are just as necessary as in the warmth and finish of wood.

Where the world of garden ornaments differs from that of the indoor furnishing market is that it is not governed by current fashion trends. "In the main serious buyers know that they want something good and decorative," insists Mr Crowther.

Turnover of period garden furnishings has gone up considerably during the last 20 years, and as in other sectors of antiques, the good stuff is getting harder to find, admits Nigel Bartlett, principal buyer for the firm who travels France, Italy and America in his quest for the right pieces. "Once brought back to Britain, much of the stock promptly gets bought up by Americans. A market just picking up is Germany."

The provenance of Crowther's classical pieces is impeccable, and often lengthy. A magnificent set of wrought iron gates complete with stone piers, copper lanterns and curved railings, made by Christopher Buckle in 1740 were originally the entrance to Great Burgh Manor, and later owned by Lord Arden and Lord Egmond, before being moved to Kingswood Grange, Surrey. A pair of 18th century lead vases are from Pitsford Grange, Northampton, and a pair of 17th century stone seats resting on lions' heads, with satyrs as arms, were removed from Derbyshire's Elvaston Castle.

The visitor's book reveals some of the distinguished shoppers of the past. King George VI and Queen Elizabeth selected mantelpieces for Windsor Castle in 1950, the Duke and Duchess of Windsor bought lead garden tanks, fire dogs and marble chimney pieces for their Paris home, and newspaper tycoon William Randolph Hearst added pieces from Syon to his California treasure house San Simeon. Princess Margaret and Princess Michael of Kent are more recent seekers of antiques for outdoors.

For a free catalogue of the type of pieces currently on offer, contact Derek Crowther, Syon Lodge, Busch Corner, London Road, Isleworth, Middlesex (01-560 7978), where items can generally be viewed Monday to Friday 9-5, Saturdays and Sundays 11-4.30.

Pieces are not cheap; the cost of shipping lorry loads of heavy items through Europe and across the Atlantic is high. Peacocks are about £300 a pair, handsome life-size stone statues can be bought for between £1,000 and £2,000. An elegant Regency bench-seat on wheels was £850, a 16th century Istrian marble wellhead complete with iron overthrow from Inglismaldie Castle in Scotland, £6,000, a 17th century marble temple with a fine wrought iron dome £16,000. These are all genuine articles. Reproductions come cheaper. "But we only have anything reproduced when we cannot find an original," the firm says.

Fantasia by Gamba Dante, 19th century life-sized marble statue from Scarisbrooke Hall, Lancashire, at Crowther of Syon Lodge

. . . and sculptural plants

The sculpture garden by Preben Jakobsen at the Chelsea Flower Show last May

GARDENING

ARTHUR HELLYER

STATUES in gardens are usually regarded as objects to be contrasted with plants. They are frequently placed at focal points as the centrepiece of a composition and in old gardens they often appear rhythmically, perhaps placed at regular intervals against a dark background of evergreens to carry the eye onwards to some distant view.

Very occasionally gardens have been made specifically as open air galleries for the display of statues and similar objects, one of the most familiar examples being the Italian garden at Hever Castle, Kent which was created to contain the very considerable collection of antiquities which Lord Astor had brought back from Rome.

There is, however, another very different approach to statues which was demonstrated in one of the most original gardens at the Chelsea Flower Show last May. This was designed by a Danish landscape architect, Preben Jakobsen and constructed by C. M. Brophy. It contained several notable pieces of Italian and Japanese contemporary sculpture but these were completely integrated with the garden.

In fact Mr Jakobsen regards plants themselves as "sculptural" and uses them in this way to create well balanced contrasts of mass and void, light and shade, texture and colour much as a sculptor would use the material of his choice. In this sense neither plants nor sculpture—nor for that matter the very unusual irregular topped fencing with strong vertical lines which surrounded the garden, the wooden pergola which made a background for it, the shallow brick terraces which made such strong horizontal lines across it—were intended to be dominant since each was an essential feature in the whole creation.

Like all gardens made on the famous Chelsea embankment site, this one rose from front to back and was viewed by the public solely from the low north end. This means that one is looking upwards against the light and so the brick risers of the terraces made strong shadowed lines across the garden accentuated by the pattern of the paving itself and the horizontal timbers of the pergola. The effect was to increase the apparent width of the garden in proportion to its length and I was astonished to find, on examining a plan, that it was, in fact, nearly twice as long as wide. Had I been asked to guess from the frontal view I would have said that the site was square.

I had also supposed at the time that each group of plants had been chosen specifically to display the piece of sculpture placed beside it and to some extent this is true but it is only part of the truth since all were plants with a strong character of their own and they, or something very like them, would probably have been used even if there had been no sculpture to display.

I find it interesting that among those garden architects whose work has most influenced Mr Jakobsen is Edwin Lutyens and there is certainly a similarity in the way in which he uses materials and plants and that in which Lutyens and Gertrude Jekyll worked in partnership to produce gardens where it was impossible to divorce the horticultural from the architectural element. But there the resemblance ends for there is no similarity between the austere rectangularity of the Jakobsen gardens I have seen and his evident preference for foliage over flowers and the exuberance and variety of Lutyens' design and Miss Jekyll's planting.

Yet many of theplants used in these new gardens were also favourites with Miss Jekyll. There are hostas in plenty, especially those with large grey-green leaves such as *Hosta sieboldiana*. Mr Jakobsen also uses berngonias freely, as Miss Jekyll did and he likes irises, euphorbias, ornamental rheums, rodgersias, ligularies and hemerocallis at least as much for their leaves as for their flowers. Where she used yuccas, a taste which belies the popular image of her as a cottage gardener, he uses modern varieties of phormium.

Since there is clearly an oriental influence in some of Preben Jakobsen's work it is not surprising to find him using Japanes maples and bamboos of various kinds and the Japanese *Rhododendron yakushimanum* also seems to be a favourite. It is admirably compact and sculptural in habit and its apple blossom pink and white flowers are as discreetly lovely as those of any rhododendron I know.

Dwarf conifers are another group of plants evidently much favoured by Mr Jakobsen and it is good to see them being used in happy associations with other plants rather than segregated in mini-pinetums. But not all kinds sold as dwarf remain so for ever. Some can be pruned without detriment to their form but many are better replaced directly they begin ot grow out of scale. If one gets 10 or 12 years enjoyment from a plant one can afford to throw it away and buy another.

It may be costly to make gardens of this kind but they can be very economical in the labour element in maintenance though they are likely to require a firm hand when pruning or replanting become necessary to ensure that nothing is allowed to become too dominant.

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SPORT

John Barrett reviews the state of British women's tennis

Sue Barker fights back

CAPTAIN Sue Mappin, heaved a *sigh of relief when Jo Durie* and Sue Barker won their singles matches on Thursday in straight sets against the two 17-year-old Israelis—Rakafet Benyamini and Orly Bialistozky—to take fifth seeded Britain into the quarter finals of the *Federation Cup competition for* the 20th successive year, earning a meeting with Czechoslovakia, the third seeds, at the Decathlon Club in Santa Clara California.

Beforehand the task had seemed simple following the tortuous 2-1 win against Italy in the opening round but this was Miss Barker's first outing in the annual women's team jamboree sponsored to the tune of $200,000 by the Nippon Electric Company of Japan, and after a disappointing season even the presence of the British number one had been in doubt.

"At Wimbledon, after Virginia's (Wade) magnificent performance against Jo (Durie) and her own first round loss to Sharon Walsh, I told Sue that her selection was by no means automatic. This seemed to jolt *her and she has certainly been* working hard ever since both at home and then in Monte Carlo last week," said Miss Mappin.

Having spent the past decade as a committed professional Miss Barker, at the age of 26, *has begun to reassess her priori*ties as a result of two important influences in her life. Her deepening awareness of Christian values and her well-publicised friendship with singer Cliff Richard have caused her to question the place that tennis should *play in her life*. Tenderness and compassion do not live easily alongside the killer instinct that every successful player must necessarily have.

Thus at the very moment when Miss Barker had wrestled the mantle of British leadership *from Miss Wade after many* years of toil the demons of self-doubt threatened to end her career. If, as Miss Mappin hopes and Miss Barker already believes, the new number one does succeed in balancing her priorities and continues to compete there could be a promising future for British women's tennis. For Miss Durie will be only 22 on the 27th of this month and her performance against Martina Navratilova at Eastbourne last month gave a tantalising glimpse of how good she might become if only she can *believe in her own considerable* ability. Anne Hobbs is only 12 months older and she too should have years of improvement ahead.

The Federation Cup, a delightful blend of amateur and professional qualities this year *celebrates* its 20th anniversary. For most of the 32 competing nations the chance of a match against the stars of the world game is all they ask. Surely the 20-year-old Indonesian Utaminingsih, playing in the competition for the first time, will tell her grand children about the day she took three games from Chris Evert Lloyd. That is the charm of the occasion.

But the latter stages produce tension, drama and memorable tennis. Not surprisingly only seven nations have reached the final (including Britain on four occasions) and only four have won the title. Of the ten U.S. wins, six have come in the last six years and the last of Australia's seven victories came in 1974.

South Africa won on home soil in Johannesburg in 1972 and the Czechs won for the only time in 1975 — the debut year of 18-year-old Martina Navratilova who this year leads the formidable U.S. team — still the overwhelming favourites despite the absence of Pam *Shriver with a shoulder injury.*

If as seems likely Miss Navratilova and Mrs Lloyd retain the trophy for the U.S., the former Czech will be the first player to represent two winning countries.

Winning streak for Watson

GOLF

BEN WRIGHT

THE PRICELESS advantage of having been tournament toughened in the U.S. could hardly have been demonstrated more clearly than in 32-year-old Tom Watson's record-equalling fourth Open Championship victory in Scotland at Royal Troon. If only 25-year-old South African Nick Price had enjoyed the advantage of the sometimes bitter American experiences which Watson has endured—nothing was harder on him than being labelled a "choker" for losing the U.S. Open Championships of 1974 and 1975 at Winged Foot and Medinah respectively and the 1978 U.S. PGA Championship at Oakmont. However, Price might have been able to hold himself together rather better when three strokes clear of the field with six holes to play.

There was a tragic, uncanny inevitability about Price's collapse, at least to my perhaps cynical eyes. How could a youngster who has won less than £2,000 on the European tour this year hope to compete with the pressures that crowd in on Watson every time he tees it up? Significantly Watson has previously won this season on three of the most highly rated courses in the world, Riviera (the Los Angeles Open), Harbour Town Links (Sea Pines Heritage Classic) and Pebble Beach in the U.S. Open, the first two in sudden death play offs, and has $283,796 to his credit in the U.S.

When Watson has thrown away his winning opportunities in the past he has usually done so because he has allowed his always rapid swing to become too quick under pressure in the finishing stretch. In my opinion Price also did exactly that. One can only hope that the pleasant South African, like the 22-year-old Californian Bobby Clampett will not be indelibly mentally *scarred by their almost equally* daunting experiences at Royal Troon. With hindsight perhaps the latter's most impossible task was somehow to relax, having been first out on Friday and last out in Saturday's third round.

This poor, frail-looking lad was not to hit a golf shot in earnest for some 28 hours.

But after Clampett's total collapse during the final two rounds one is forced to ask the same awkward questions one posed rhetorically about Watson in the mid-1970s. I hope Clampett is able to present his own emphatically significant answers in the fullness of time, particularly since he has been so hysterically touted as the game's next superstar by those entrusted with managing his destiny. Rightly or wrongly I feel that his now veteran stable-mate Tony Jacklin burned himself out by being rushed here, there and everywhere to cash in on his fantastic early successes. But what really causes me to be a trifle sceptical about the very skilful and dedicated Clampett's ability to win regularly is the artificiality of his method—playing golf by numbers—as it were. We can only wait and see.

Nothing was more pathetic to me than to read last Tuesday in the Daily Telegraph a headline: "Four in the Top Ten—A Better Year for British." What rubbish! Peter Oosterhuis, who tied Price for second place, has been domiciled in California for eight years, and has honed his skills to their present high level on the U.S. Tour.

Likewise Nick Faldo, who tied for fourth place at Royal Troon, made his first sustained effort out west last year, and returned early to Ganton to win the British PGA title for the third time. By then he had earned $23,320 for 119th place on the U.S. Tour. This year he has already won $38,998 for 78th place, and gained much priceless experience in golf's super-league to which I referred earlier. Without that prolonged experience Des Smyth and Sandy Lyle, who tied for fourth and seventh places respectively, had the second and third worst final round scores of the top 10 finishers. And it has probably not escaped your notice that only three more British golfers, Sam Torrance, Ken Brown and Bernard Gallacher finished in the top 30. I see this as a disgrace rather than "a better year."

By contrast it is a measure of his greatness that at the age of 42 Jack Nicklaus was able to finish in a tie for 10th place with Clampett despite having hung the weighty millstone of a 77 around his neck in his first round. Significantly Nicklaus's total of 211 in his last three rounds was only bettered in the top 10 by his compatriot Tom Purtzer, who tied for fourth and scored 210 after a first round of 76. Oosterhuis equalled Nicklaus's 211 after a first round of 74.

It is also hardly a secret that Nicklaus bitterly resents the fact that apparently more often than not he gets to play one of his first two rounds in the championship at a very late hour. He has my deepest sympathy.

It seems to me that the seeded trios are placed too far apart in the draw. Instead these groups should be placed more closely so that none shall start after 2 o'clock at the latest. Those who cannot attend the event until the evening after work should be fed on a diet of their local and regional heroes. The thrill of seeing one or more of these worthies coming through the field with a rush should be adequate compensation for missing all but a handful of the world famous.

It is perhaps churlish to carp at the Royal and Ancient Golf Club at St Andrews, whose members combined with those of Royal Troon to put on the best ever attended championship in Scotland with much skill and aplomb. But I still feel that golf is being more than ever overshadowed by the sideshows. I would like to see the R and A be a little more choosy about the exhibitors in the trade tent and elsewhere to restrict them to those more closely connected with golf. I could also cheerfully strangle the stupid official who told the delightful American Greg Powers, an early starter on the first day, to get a move on after he had started with two quick birdies. And in my opinion it was a disgrace that poor Price was given so little protection from the mob coming to the final hole of an otherwise *splendidly staged event.*

RACING

DOMINIC WIGAN

THE LAST time out winners of the Irish Sweeps Derby, the Coronation Cup, the Eclipse Stakes, the Prix Ganay, the Grand Prix de Saint-Cloud, the Hardwicke Stakes and the Princess of Wales's Stakes are all in the line up for today's £153,000 King George VI and Queen Elizabeth Diamond Stakes. The Ascot centrepiece clearly promises to be the most fascinating race of the international calendar.

In an unexceptional year this season's top three-year-old, the Irish-trained Assert, would be a long odds-on chance, as was the 1981 victor, Shergar. However, such is the strength in depth of today's field that the eight-length winner of the Irish Derby may well jump off at slight odds against.

I expect the Robert Sangster-owned Be My Guest colt to prevail over France's Bikala and a home contingent which includes Kalaglow and Height of Fashion, but will have to look to his laurels if he is to extend his winning sequence.

Bikala, whose precocious young partner, Serge Gorli, will not hear of defeat for his mount, the four-length conqueror of Akarad in last year's Prix du Jockey-Club (French Derby), will help present Assert with his most searching test to date as will Kalaglow.

The last-named, who is now right back to the sort of form which made his trainer and jockey, Guy Harwood and Greville Starkey, so hopeful of toppling Shergar in last year's Derby, is my idea of the race's best each-way value at odds of around 5-1.

Some five weeks before running away with Sandown's Coral-Eclipse Stakes, Kalaglow had put up an equally devastating performance on the same course when routing Silver Season and company in the Brigadier Gerard Stakes. On that occasion he easily shattered the course record.

Height of Fashion is also back to her best but it seems doubtful if either she or Glint of Gold (yet to finish out of the first two) will have the pace to trouble those previously mentioned.

ASCOT

2.35—Henry's Secret
3.20—Assert***
5.00—Icen

BEVERLEY

1.45—Meltheml
2.15—Byelight*
2.45—Glidian

NEWCASTLE

2.30—Come on the Blues**

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Saturday July 24 1982

A shifting battleground

HOSTILITIES RAGE on in the Middle East; but this week did at least bring some hint of resolution in the most important battle being waged on the world economic stage. In his testimony to the Senate banking committee on Tuesday, Mr Paul Volcker, chairman of the U.S. Federal Reserve, announced that the inflationary tide had turned in a fundamental way. While continuing to make stern noises about the U.S. budget deficit he nonetheless declared that henceforth the Fed would tolerate monetary growth at the higher end of its target range.

A few months ago such a statement would have caused horror on Wall Street despite the obvious case for some easing of targets on the ground that the monetary aggregates have been swollen by people's desire to keep liquid balances on deposit with the banking system for precautionary rather than transaction purposes. The immediate effect this week, however, was to cause short term dollar interest rates to tumble further.

This suggests that the financial community in the U.S. is no longer dominated by a one-dimensional concern about inflation. In the wake of the collapse of Drysdale Securities and of Penn Square, whose backwash was evident in Chase Manhattan's announcement of an unprecedented second quarter loss this week, investors are beginning to recognise that current high real rates of interest cannot be sustained indefinitely without causing severe damage to the economy and jeopardising the prospect of recovery.

Advantage

The readiness of Mr Volcker, hitherto unbending, to declare in favour of cautious relaxation may also reflect the fact that he has been winning a more personal battle against those in the U.S. administration who believe that the Fed has been too soft and that the blame for many of the economy's problems lies with the Fed for supposed technical errors in managing the money supply. Now that the painful disinflationary process has sprung a collapse or two the chairman of the Fed can afford to ease up a little.

The beneficial result will be felt around the world by friend and foe alike. As well as providing some relief for West Europeans, lower dollar interest rates will cause the tight financial squeeze on the Soviet bloc to unstretch a notch. The heavily indebted Third World will also breathe out a little. International problem companies such as Dome Petroleum in Canada and AEG in West Germany will have an additional glimmer of hope.

The interplay of personalities, always important in Washington, could also have an important effect on the battlefront between the U.S. and Europe, where arguments over steel imports and the Soviet gas pipeline rumble on. The new American Secretary of State, Mr George Shultz, was unanimously confirmed by the Senate last week. Past experience at the U.S. Treasury gives him a useful advantage in handling those economic tensions between the allies that have spilled over into the political arena.

Reflation

Nor will Mr Shultz, who is entertaining Mr Helmut Schmidt —a personal friend — in California this weekend, want for advice on contentious economic issues. His deputy secretary is to be an economist, Mr Kenneth Dam; the job of under secretary for economic affairs is filled, appropriately enough, by another economist, Mr Allen Wallis; and the under secretary of state for security assistance is to be Mr William Schneider, another economic sophisticate who comes from the Office of Management and Budget.

All command respect, though doubts have been murmured in some quarters about how the new team will handle such diplomatic proceedings as the strategic arms reduction talks with the Soviet Union.

Meanwhile in Britain attention is turning, with some prompting from the Confederation of British Industry, to the possible scope for a modest dose of reflation. In both economic and political grounds the case appears strong. Monetary demand in Britain is falling below the path laid out in the Government's own medium-term financial strategy. Without giving intellectual quarter to the so-called "wets" on the Conservative benches, the Chancellor could reasonably contemplate some modest relaxation along the lines suggested by the CBI, without betraying hallowed principles.

Preoccupied

The political case is to be found in this week's headline unemployment total of 3.19m. For good measure the economy remains flat and inflation is coming down faster than some had earlier dared hope. An autumn reflation might thus seem an appropriate opening shot in the run-up to the election that Mrs Thatcher hinted on Thursday might come next autumn.

The Chancellor, however, is determined to maintain the present carefully engineered downward drift in interest rates, to which Mr Volcker has lent timely justification. And with MPs and the public preoccupied, for the moment, by spy scandals, security at the Palace and the IRA, perhaps he can afford to be. The odds on an autumn reflation are shortening, but it is far from a certainty.

BRITISH TELECOM SHARE SALE

A direct line to the market

By Guy de Jonquieres

THE GOVERNMENT'S announcement earlier this week that it plans to seek legal authority to sell shares in British Telecom (BT) marks a radical new phase in the telecommunications liberalisation policy which it set in motion last October. But, by ruling out a sale before the next general election, it has staked the future of that policy squarely on the verdict of the ballot box.

The Industry Department has for some time viewed privatisation as a natural extension of the measures taken so far to separate BT from the Post Office and to dismantle its monopoly over subscriber apparatus and services. According to Mr Patrick Jenkin, Industry Secretary, BT would gain by being freed from Government control, particularly over its finances and by being exposed to the discipline of the capital markets.

The Department would have liked to arrange a share sale earlier. But it has taken many months of tortuous negotiation to forge a consensus in Whitehall, and Minister have concluded that there is little real chance of accelerating the timetable.

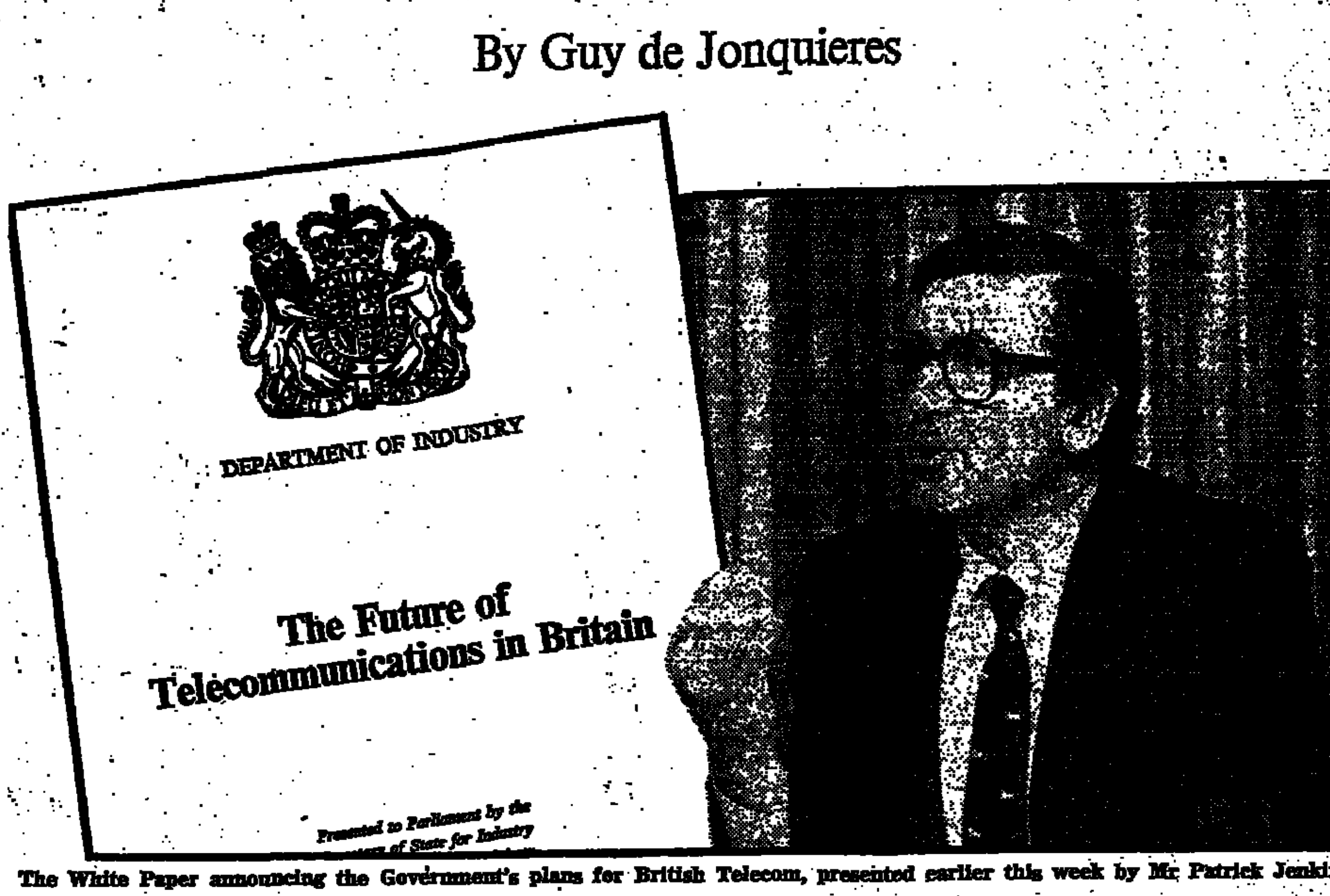
The necessary legislation is not expected to reach the statute book until this time next year, barely nine months before the Government's mandate is due to expire. City institutions have told Ministers that investors would be wary of a share offering so soon before an election which could return a Labour administration set on renationalising BT.

The Labour opposition and BT's six unions have been unanimous in condemning the proposal. The Post Office Engineering Union has accused the Government of seeking to give away a precious national asset to "speculators", and its left wing has called for a one-day protest strike. In private, though, the POEU's leadership has indicated that it may be slightly more flexible, provided the terms of the sale are favourable to its members.

BT says it was not consulted in advance and does not welcome the prospect of further upheavals

BT itself has reacted with surprise, saying that it was not consulted by the Government in advance. It has made it plain that it is already busy enough adjusting to liberalisation and does not welcome the prospect of the further upheavals which privatisation would involve.

The City is also advising the Government not to rush its fences, though for different reasons. Preparing a prospectus for the sale of 51 per cent of BT, which Ministers hope would raise £2.5bn to £3bn, would be a massive task. With a £5bn turnover and net assets of some £8bn, it would be by far the biggest nationalised industry yet offered to investors.



The White Paper announcing the Government's plans for British Telecom, presented earlier this week by Mr Patrick Jenkin.

Valuing BT for stock market purposes would require a thorough house-cleaning of its accounts — it lacks effective internal financial controls—and a decision on how to deal with its £1.25bn pension fund liability. Prospective investors will also want detailed clarification of the regulatory framework in which it and its competitors would operate in the future.

Telecommunications is a dynamic growth industry. But BT's future profitability will depend heavily on how far it will be free to set its own tariffs for the public telecommunications services which provide most of its income. At present these must be approved by the Industry Department, which measures them broadly against BT's investment needs and the Government's financial targets. But the Department's direct involvement would cease once BT was privatised.

The Government wants at all costs to avoid creating a large regulatory body on U.S. lines, which would subject every proposed tariff change to lengthy scrutiny and negotiation. It envisages instead a compact "Office of Telecommunications", which would rely mainly on retrospective intervention. It would monitor the telecommunications market and investigate complaints of unfair competition and unsatisfactory service.

The idea is to model the new body on the Office of Fair Trading (OFT) — which was asked to take on the job but refused. It would presumably have powers to initiate legal proceedings and to refer cases to the Monopolies and Mergers Commission.

But unlike the OFT, which can invoke a sizeable body of consumer protection law, it is unlikely to be backed by much specific legislation defining principles of fair competition. Its main initial point of reference would probably be the operating licence which the Government plans to grant BT. The economic criteria which it would employ to determine, for example, appropriate rates of return on investment, are not known.

The terms of BT's licence have yet to be decided. But they are expected to include an obligation to maintain a uniform level of service to all subscribers and to avoid predatory tactics intended to damage its competitors. BT is certain to dominate the market for many years to come and could easily scupper its rivals, like the planned Mercury independent communications network, through unscrupulous manipulation of its tariffs.

Even if BT plays strictly by the rules, striking a fair regulatory balance may call for some fine—and controversial—judgments. The unions have pointed out that BT could face problems in reconciling the provision of an unprofitable service to residential customers with the need to give private shareholders the best possible return on their investment.

There is also a danger that the Office of Telecommunications could find itself being drawn into a morass of time-consuming detail. Industry Department officials have complained—with a mixture of frustration and grudging respect—about BT's skill at swamping them with voluminous technical arguments of baffling complexity.

Cutting through this technical maze has been one of the major challenges facing the equipment liberalisation programme. Though the programme was launched almost 10 months ago, newly-approved telephones have only just started to trickle into the shops, and the first official standards, which all equipment manufacturers will have to meet in future, have yet to be published.

Ministers have been privately disappointed at the few tangible results to date and have accused BT of obstructing progress. Sir George Jefferson, BT's chairman, was recently taxed on this point by a senior Minister. When he denied the allegation, he was told: "I'm sorry George, but that's just not the way it looks from outside."

Wherever the truth lies, the Government has also been criticised in the industry over the arrangements which it made to implement liberalisation. Partly to save money, the Industry Department asked BT last year to assume temporary responsibility for testing equipment for private sale until a new, independent, system of standards and approval was in operation.

In retrospect, that looks naive. For BT was, in effect, being asked to sit in judgment over other suppliers while being encouraged by the Government to prepare itself to compete on the liberalised telecommunications market.

BT has not, however, needed much outside prodding to tackle the latter task. During the past 18 months, Sir George Jefferson has instituted a sweeping internal reorganisation. BT's sprawling bureaucracy has been restructured into four main divisions containing separate profit centres. It has launched a variety of new services and has stepped up its investment programme to £2.2bn this year.

As part of this exercise BT, which is expected to report a more than doubled profit of almost £450m for the year ended March 31, has set about aligning its charges more closely with its costs. It has sharply reduced tariffs on its highly profitable long-distance and international routes, while raising charges for local calls, on which it loses money.

These decisions have been made with more than a passing glance at Mercury, which aims to challenge BT in the market for business telecommunications. Though Mercury will be technologically more modern than BT's public network, BT is rushing into operation special new services like X-Stream, an advanced digital transmission system. It also plans to offer direct business communications links via satellite.

A new division, BT Enterprises, has been formed to market newly-liberalised subscriber equipment and services. It is recruiting a 900-strong sales force, which will supply a wide range of products from Mickey Mouse telephones to sophisticated office automation systems. It will compete both against its three main traditional suppliers, the General Electric Company, Plessey and Standard Telephones and Cables, and against such international giants as IBM and Xerox.

The speed with which BT has responded has won high praise in the industry.

But BT's performance still has to be tested fully in the market. While its top management is widely judged to be of high calibre, some observers believe that it may take a good deal longer to change attitudes further down the ladder, where the monopoly mentality is deeply ingrained.

The Government has been impressed by the shake-up in BT. But within the Industry Department, at least, there appears to be a marked ambivalence towards the organisation and its future role in Britain's telecommunications industry — whether or not plans for privatisation proceed.

On the one hand, there is a tendency to view BT with deep suspicion as a greedy monopolist, ready to resort to almost any tactic to dish its smaller rivals and retain market domination. On the other, it is also spoken of in glowing terms as the Great White Hope of Britain's telecommunications industry.

The Government is keen to encourage BT to enter more joint ventures with private companies. There has also been discussion in Whitehall of giving it greater freedom to manufacture it own equipment, in the hope that it would turn itself into an integrated telecommunications company.

It is not certain how much this type of discussion owes to attempts to find an incentive to persuade the POEU to acquiesce in privatisation. But the Government will have an opportunity to clarify its attitude towards BT later this year, when it is due to decide its policy for recabling Britain with cable television and two-way broadband communications networks.

BT has been lobbying hard for a major part in the project. It argues that recabling should not be just for entertainment television but must be regarded as an integral element in the modernisation of Britain's national telecommunications system. It says that its own technical expertise — and resources should qualify it to be the prime contractor for laying and managing the physical cable networks.

Cable TV operators believe BT is making a thinly-veiled attempt to preserve its monopoly

These demands have not gone down well with cable television operators and others who believe that BT is making a thinly veiled attempt to preserve its monopoly. They contend that cable laying would be done most quickly and efficiently if it were left to private enterprise, guided by market demand.

The debate neatly crystallises the arguments over BT's position. The Government's response should also provide some clues to how far it believes the Information Technology Revolution which it is anxious to promote should be shaped by central co-ordination, and how far its development should be left to the free play of market forces.

British
TELECOM

THE RECENT RECORD
(Figures in £m)

Year to March 31	1978	1979	1980	1981
Income	2,924.0	3,243.9	3,558.9	4,554.2
Profit	326.6	336.4	129.1	180.7
Fixed assets, net expenditure	844.6	996.5	1,240.8	1,554.0

Letters to the Editor

Issues at the V & A

From the chairman of the Advisory Council of the Victoria and Albert Museum

Sir, — Considerable interest has been aroused by some of the recommendations made by Mr Gordon Burrett in the Rayner Scrutiny of the Victoria and Albert and the Science Museums. I, on behalf of the Advisory Council of the V & A, wish to put on record our conviction that there is much in the report which will assist the Museum in achieving better management and housekeeping. We also welcome the Minister for the Arts' decisions, firstly that the V & A, subject to the will of Parliament, should become a trustee museum, and secondly not to impose general admission charges.

There are, however, two major immediate issues on which we find ourselves in opposition to the Rayner Scrutiny.

One is the threat to the Museum of Childhood at Bethnal Green. This is a national collection in a deprived area of London sorely in need of the vigour and vitality of this museum, and its viability today —over a century after its foundation—is shown by the 200,000 people who visited it last year, in the main the young. The outcry at the suggestion that the museum could be closed adequately reflects national and local opinion that such a move would be folly.

Even here, we accept that the principle of good housekeeping must apply.

The Theatre Museum is under even more immediate threat. Its establishment was approved by government, its site imaginatively chosen in Covent Garden. It has its own entity, its own Advisory Council, but it is part of the V & A. Its collections, worth over £23m, have largely been donated, its capital building cost of some £4.3m had already been committed by government and admission charges after it opened would meet the greater part of its annual running costs.

Even if this were not so, surely the theatrical heritage of the world's centre of living theatre would demand such a museum, not only as a centre of scholarship, but also of entertainment, both for the general public and our many friends from abroad.

The case for the Theatre Museum stands on its own merit. It must not be forfeit. It would be not only philistine but a gross misuse of extremely valuable assets if it were, and this would be in neither the spirit nor the character of the Rayner Report.

(Sir) Alexander Glen.
Victoria and Albert Museum, South Kensington, SW7.

Football's survival

From Mr Charles Edwardes-Ker.

Sir,—It was with amazement that I read (July 14) the defeat of the amendment to the Finance Bill which aimed to eliminate the increase in pools tax.

Football in the UK, unlike France, is not on the rates. It is thus disastrous in this period of recession, to increase the tax burden on football when so many clubs are fighting for their survival. The long-term future of football lies in better marketing of the game and financial rationalisation (ground-sharing or mergers).

In the short-term, clubs are going to struggle to stay alive. This new tax, however, can only increase the threat to soccer's present precarious financial viability.

Charles Edwardes-Ker,
32, Richmond Terrace, Clifton, Bristol.

Help for tourism

From Mr B. Bolton

Sir,—I read with interest the item quoting the chairman of the British Hotels, Restaurants and Caterers Association appealing for yet more financial assistance (July 15).

If Mr Hartwell seriously believes that the single attraction that tourism outside the UK has to offer over tourism in the UK is the sun, then the tourist industry here is being ill-served.

Petrol coupons hardly compensate for the UK's antediluvian licensing laws, for the plethora of "no children" signs, for restaurants and cafes that refuse to serve a cup of coffee without a meal, and for pension or demi-pension charges that are twice the level of equally "sun-less" European areas. The UK tourist industry, particularly in the hotel and catering area, is characterised by managerial attitudes towards their employees that are singularly appropriate to the 17th century. It is hardly surprising that sometimes staff let this out on the tourist.

There is much this Government could and should do generally, but helping a group of companies that cannot put their own house in order ought not to be one of them.

Brian Bolton.
Research Department,
Transport and General Workers' Union,
*Transport House,
Smith Square, SW1.*

Halley's Comet

From Mr Alan Grainger

Sir,—I was interested to read (July 16) that the European Space Agency has approved a £34m project to construct a satellite that will spend two hours studying Halley's Comet when it passes Earth in 1986 after an interval of 76 years.

Current estimates of the rate of deforestation in the tropics indicate that the tropical rain forests will have largely disappeared before Halley's Comet next visits the Earth. Our knowledge of the state of this major planetary resource is very limited: only half of the total extent of these forests has been measured accurately, and reliable deforestation rates are only available for six out of the 45 countries which contain the resource.

In view of numerous possible side-effects which could result from the loss of these valuable forests (e.g., global climatic changes affecting agricultural production; the loss of gene banks needed to improve the breeding stock of currently cultivated plants in response to new pests/diseases or changes in climate; and not least a depreciation of the world's timber resources at the very time when they will be most needed) might it not be prudent to give equal priority to constructing a satellite that can continuously monitor the state of the tropical rain forests over the next 20 years, thus helping us to formulate policies that will encourage their wise management and conservation?

Alan Grainger.
St. Cross College, Oxford.

Accountancy skills

From the Chairman of Council, Association of Corporate Treasurers,

Sir,—Mr John Shaw of Edinburgh wrote (July 13) calling Lex to account for the assumption that the Institute of Chartered Accountants in England and Wales was synonymous with the "accountancy profession." He also speculated that the Association of Corporate Treasurers (ACT) might regard itself as part of the accountancy profession.

As our 700 members are mainly corporate treasurers or finance directors drawn from "The Times 1,000" public companies, a majority of them—as would be expected—hold accountancy qualifications. Many individual ACT members, therefore, are already indirectly represented on the Consultative Committee of Accountancy Bodies (CCAB) through their membership of one or more of them.

However, the modern corporate treasurer is part of a separate and distinct profession whose members have gained their skills by study and experience of a range of subjects which, if appearing in a CCAB member syllabus, are likely to be treated as related knowledge, peripheral to accountancy. It is for this reason that ACT was founded just over three years ago. Indeed, in our examination programme, to be announced later this year, accountancy constitutes only one of five papers in Part I. "Related Knowledge." Naturally, exemption from this particular paper would be available to any properly qualified accountant.

However, it is not proposed that there should be any exemption from Part II, "Corporate Treasury," which will consist of five three-hour papers embracing cash management, investment management, funding management, foreign currency management, and corporate financial objectives and development.

Returning to CCAB, from time to time it does deal with topics on which ACT would feel qualified to advise, especially with respect to banking relationships, but ACT has hitherto neither aspired to — nor even considered — CCAB representation.

Peter Hayman.
Pembroke House, 40 City Road, London, EC1.

Accident 'lottery'

From Mr C. G. Lewin

Sir,—In 1973 the Law Commission recommended that the parties in an action for damages in personal injury and fatal accident litigation should be entitled to produce actuarial evidence for the purpose of establishing the capital value of the future monetary loss involved in the claim, and that the Court should have due regard to such evidence in assessing the damages claimed.

The Administration of Justice Bill currently before Parliament provides an excellent opportunity for the implementation of this recommendation and I very much hope that a new clause will be tabled to the Bill so as to achieve this effect.

The advantage of making the change would be that it would reduce the "lottery" element in the present system, where judges use subjective methods which can often produce results which are unfair to one party or another. It is of great importance, for example, that proper allowance is made for interest, inflation and mortality and the interaction between them. This need not involve detailed calculations in each individual case, however. It would be possible for the Court to be provided with standard tables approved by the Lord Chancellor and the Government Actuary, while the Court would of course retain its right to make allowance for any special factors pertaining to the particular case under consideration.

In 1973 the Bar Council expressed their wholehearted support for the Law Commission's recommendations, which were also supported by the Institute and Faculty of Actuaries and the Government Actuary. Recent cases have demonstrated that the need for change is urgent and I hope that the present opportunity will be taken.

C. G. Lewin.
Quintacre, Elms Road, Hook, Nr Basingstoke, Hants.

British Gas figures

From Mr W. G. Jewers

Sir,—I refer to Mr Fenn's letter (July 15) about the disclosure of historic figures in the accounts of British Gas. Note 2 of the accounts for 1980-81 sets out the current cost adjustments for the years ended March 31 1981 and March 31 1980 from which the historic profits for those years can be ascertained.

Nevertheless, our main accounts are prepared on a full CCA basis and so far as fixed assets are concerned we have been applying a supplementary depreciation charge since 1976-1977. This is because we are in no doubt that unless, before striking profit, provision is made for maintaining the assets at current costs the financial base of the business will be eroded. For businesses financed by fixed debt failure to make such provisions can lead to borrowing and interest charges which cannot be supported and where equity capital is involved to a progressive diminution in the rate of return.

There are obviously other causes for these problems which are unfortunately much in evidence in business these days, but I believe that the illusion of profits based on historic cost is a contributory factor.

W. G. Jewers,
Managing Director, Finance,
British Gas Corporation.
*Rivermill House,
152 Grosvenor Road, SW1.*

Arthur Sandles says many big tour operators are weathering the recession, but some small travel agents are in trouble

Summer turmoil in the travel trade

AS BRITAIN'S schools close their doors for the summer, the great holiday rush to airports and ferries is getting under way. Recession is a word which seems hardly to have a meaning in the bars of Boulogne and the lounges of Luton airport. British determination to travel seems unquenchable. But is it?

Amid the razzmatazz sits an industry in turmoil. The travel trade's brand leaders, to whom customers have flocked, have reported record profits and are looking to another fat year. The big travel agency chains are getting bigger in a spurt of High Street investment, but smaller tour companies are in deep trouble and dozens of independent retail travel agencies may disappear this year.

Package tourism last year showed a small increase both in numbers and in spending. This year there are indications of only a marginal fall in the market demand but substantial reductions in consumer holiday spending. Yet, if previous patterns are repeated, the brand leaders will hardly be affected.

Over the past three years, according to researchers Business Ratios, Thomson Holidays sales have risen by an average 33 per cent; those of Cosmos by 27 per cent; Horizon by 50 per cent; Intasun (South) by 58 per cent; and Intasun (North) by 78 per cent. The overall market has grown at nothing like those rates. No wonder Intasun's Harry Goodman talks of "a couple of bankruptcies" later this year among his smaller rivals.

Business Ratios suggests that, while life may be getting a little tougher even for the market leaders, the industry need not sport a hair shirt! "Despite the dampening effects of the recession and worsening exchange rates, the travel sector looks set to maintain its position among the top five most profitable industries in the country."

Yet small independent travel agents are having a very difficult time. Their margins are being squeezed at a time when the relative buoyancy of the trade is attracting heavy investment from outsiders and thus more competition.

At the same time, the present basis of trading is under scrutiny by the Restrictive Practices Court whose findings could well sweep aside such protection as the High Street agents enjoy and open the gates to much more aggressive competition from other retail chains.

The business of carrying Britons abroad is in two basic sectors. Tour operators package together airline seats and hotel beds and wholesale these packages to the retail trade. Most major operators these days are vertically integrated to the extent that they own, or are owned by, an airline. Many of them are, to some extent, also in the retailing business.

Travel agents make their money on the commissions they receive from their principals: the tour operators, airlines, the ferries, insurance companies and car rental groups. Commission varies enormously. Some hotels pay as little as 5 per cent, some holiday insurance companies as much as 33 per cent. The average is between 10 and 12 per cent for the bulk of business.

But these commission levels are not sufficient to sustain the 8,000 or more travel agency outlets in the UK. The huge drop in the average amount spent by holidaymakers on their packages this year has meant a fall in income for the retailers.

Independent retailers usually do not have much fat to fall back on. Large numbers of them are family businesses sitting on High Street freeholds. Pay in the business is generally appalling. The average income last year for travel industry personnel was just over £4,000. Staff may join for the glamour or travel perks but those who are any good soon move off either to large groups with promotion prospects or out of the business completely.

The bigger groups can insulate themselves against many of the problems of falling unit sales. Agents such as Thomas Cook, Pickfords, Hogg Robinson and W. H. Smith (one of the new boys tempted in by the leisure boom) have the muscle to squeeze higher commission rates out of many suppliers. All of them have also taken a much more aggressive marketing stance and, as a result, seem to be maintaining both growth and profits by taking an ever growing slice of the available business.

An indication of the problem comes from Pickfords. It reckons that in May of last year the average price paid for a holiday was £200. By May of this year the figure had dropped to £175. In recent weeks there have been signs of it falling to £160. "The harsh fact is that there is much less disposable income around this year."

Even in prosperous South-East England, there are signs of strain. A remarkable number of the inhabitants of Kent, Sussex and Surrey market towns are paying for their holidays with credit cards.

Pickfords has been gnawing deeply into the market once held by independent family businesses. Its bookings for the 36 top tour operators so far this year are up by 42 per cent. Its revenue from these sales, however, is up by only 34 per cent.

As recently as 18 months ago anyone looking for a travel agency to buy would have found the price worriesome. Today sellers are queueing at the doors of the major chains.

At present, a travel agency is not a business which can be opened overnight. As part of the industry's own consumer protection system — one which swung smartly into action in the wake of the Laker collapse —agency members of the Association of British Travel Agents can only sell the package tour products of ABTA's tour operator members. Tour operators themselves can only sell via ABTA agents, or direct.

This mutual exclusivity, which is backed by rules about the number of qualified staff involved and other trading restrictions, is under attack from the Office of Fair Trading in the Restrictive Practices Court. The case is the first of its type to be considered by the Court (the Stock Exchange is next on the list).

If it goes against the industry, the gates will be open for other retailers—such as chain stores like Boots and Tesco—to have travel brochures on their shelves and, more likely, for the banks and building societies to go into the holiday sales business.

Already many banks in Europe are deeply involved in travel. In Britain only the Midland, via its ownership of Thomas Cook, has direct ties and, as yet, it has shown no signs of offering Cook services, other than travel cheques, at its branches.

Whatever happens to the retail trade, it looks as if the agents will increasingly have to look to the top 30 or so tour companies for their livelihood.

This year some 6.5m package tours may be sold, compared with 6.8m last year and 6.2m the year before. With the major companies talking in terms of 25-75 per cent growth rates in their own business, and the published figures supporting these claims, then someone, somewhere is losing custom heavily.

The fact is that while demand is relatively healthy, there is a gross over-supply of the product. This means that many companies—even some of the big ones—still have unsold capacity for what is left of the year and are pushing hard in the high streets.

Travel agency after travel agency is plastered with cut-price offers known in the industry as distress signals. In the past, these have been symptoms of real troubles ahead in the autumn—the traditional time for travel industry financial disasters. Laker survived the winter after his own autumn horrors only because bemused banks did not realise the full depth of the problem.

Intasun's chairman Harry Goodman talks quite bluntly of the bleak prospects for some competitors. "When people are dumping return seats to Spain for £20-£30 they have got to be in trouble," he says.

Horizon's managing director Ken Franklin is also watching the price-cutters. "We have never discounted our prices. People are led to think they are only getting a bargain if they are getting 25 per cent off. If they looked closely they would see we were still cheaper."

True or not, discounting seems to have a strong geographic, rather that corporate, pattern. Greece and Malta are two destinations often featured in the cut-price bargain lists as those nations have seen their business from Britain fall off. Malta's loss stems from exchange rate changes, Cyprus' from its holiday price rises. They, along with the U.S. and Tunisia, seem to be the notable losers of 1982.

The winners are Spain, Italy, Austria, France and the Far East. The rush to France by British car-owning families has the ferry operators chortling. "We are choc-a-bloc until late August," says Townsend Thoresen. On the short sea routes there are always likely to be places, but on the longer haul ferries from Portsmouth and Southampton there are precious few spaces left over the next few weekends.

The devaluation of the franc has given a considerable boost to independent travel to France. The French Government Tourist Office in London once again has permanently engaged telephone lines. Last-minute bookers have scarcely no chance at all of finding good quality large country cottages to rent, with companies such as Vacances Franco-Britanniques heading for one of their best years ever (a compensation perhaps for a somewhat painful assault on the ski market last season).

How the domestic tour market will fare in this turbulent year remains to be seen. Continental motorists tend to be impulse holidaymakers rather than forward bookers, so that ferry operators are never sure what the market will be like until the season is in full swing. Early signs, however, are that the French devaluation and the relative strength of sterling are nudging the flow of continental traffic away from the British ports—bad news for South Coast of England hoteliers, who rely particularly heavily on German and Dutch families.

The one bright spot is the fact that the American market to Britain has revived. London's Park Lane strip is having one of its better seasons and the tourist buses with their camera-clicking loads from Milwaukee and Minneapolis are on the move again.

But that is little comfort to the British travel agent selling fewer tours at lower prices. For him this is the summer of distress signals.

Trevor Humphries

Greek holidays for just under £200, on offer in the window of a travel agent's in Victoria, London

Economic Diary

MONDAY: Bricks and cement production in the second quarter. TUC Finance and General Purposes Committee meets. Mr Roy Jenkins, SDP leader, addresses public meeting in Gower. International Air Transport Association has special meeting in Geneva to discuss airlines' financial crisis. Industrial action planned by ferry seamen over wages. Presidential elections in India. Brief debate in Lords on motion calling attention to the real cost of Government economic policy during the past three years. World Congress and Exhibition for Ultrasound in Medicine and Biology at Metropole Exhibition Hall, Brighton.

TUESDAY: Overseas travel and tourism for May. EEC Budget Council meeting in Brussels (until July 28). Aslef annual conference reconvened to debate the rail peace deal. British Gas annual report. Civil Aviation Authority report and accounts. Sir Keith Joseph, Education Secretary, addresses Professional Association of Teachers' conference in Eltham, London.

WEDNESDAY: Publication of Select Committee report on Transport. CBI conference on "1981-82 pay year and on next year's prospects" at Centre Point, WC1. Paris Club meets to discuss debt rescheduling. TUC General Council meets.

THURSDAY: Energy trends, unemployment and unfilled vacancies (June-final). Employment in the production industries in May. Overtime and short-time working in manufacturing industries in May. Stoppages of work due to industrial disputes in June. Quarterly estimate of employees in employment during first quarter. Special meeting of the Institute of Accountants to discuss current cost accounting. Mr Francis Pym, Foreign Secretary, visits Mr George Shultz, Secretary of State, in Washington. CEGB and Electricity Council annual report and accounts. European Court of Justice hears British Sugar's case in battle against S. and W. Berisford takeover. Freight Transport Association makes statement on railways and freight.

FRIDAY: Final car and commercial vehicle production figures for June. Commons rises for summer recess.

Weekend Brief

The shadow across Grand Prix

The heart of the matter. Villeneuve's fatal crash

"No-one outside Formula One can know how bad these cars are to drive. There is a moment, going over a bump and into a corner at the same time where you lose vision. You don't black out exactly, but everything goes blurred.

"After a while your sides ache, your head aches and you become consciously aware of not enjoying driving a racing car."

Shortly after those views were aired, their proponent, Gilles Villeneuve—the young French-Canadian acknowledged by all to bear the stamp of a future world champion—was dead. He had no chance of surviving his Ferrari's awful 150 mph crash at the Belgium Grand Prix in May, as he sought to make the best of one fast practice lap in his "qualifying tyres" on which depended the all important position on the starting grid.

At long last, as many had predicted, the escalating tragi-farce which the top level of motor racing has been performing had turned to outright tragedy.

The shadow cast by Villeneuve's death and its circumstances, still lies across the grand prix scene.

When the drivers line up for the French Grand Prix near Toulon this weekend, they will still have earned their grid positions with the hated qualifying tyres. These allow them to go much faster than on their race tyres—but last at best for one or two laps. For the driver they mean that he has to risk everything on that one lap—and pray that no-one gets in his way. In Villeneuve's case, someone did; he died.

Not surprisingly, the drivers want qualifying tyres banned.

The tyres are just one issue. Grand Prix is also being run with cars that their drivers mostly consider to be lethal. Last year they ran virtually without suspension. This was because FISA, the Paris-based governing body of motor sport, had banned "ground effect skirts" which close the gap between the side of the car and the ground, sucking the car onto the track—because they let the cars corner dangerously fast. But "ground effect" is also a great equaliser, between the British constructors with their Cosworth engines and the much more powerful turbo-charged units of continental teams such as Renault and Ferrari. So the British found a way round it with suspensions which left a gap when the car was stationary but which compressed at speed —closing the gap. The effect was much like bolting wheels straight into the chassis—dangerous. Despite some technical changes the cars are little better this year.

But there have been many other disputes: some political, some financial involving the constructors, FISA and the drivers themselves. They have led to disqualifications from races, a drivers' boycott of one Grand Prix and a threat from the head of FISA, Jean-Marie Balestre, to set up an "alternative" world championship.

Last year's troubles almost brought a total split between FISA and the constructors, although the quarrel was patched up. But the fundamental problems of how to make cars which are now far too fast for the circuits more manageable remains as elusive as ever.

M Balestre has just come up with a fresh set of rules to slow the cars down, most for introduction in 1983, involving treaded tyres, no skirts, and smaller "wings." The constructors have yet to decide whether they are acceptable. But much more ominously, Balestre says FISA no longer feels bound to get their unanimous approval for the changes. And unanimous consent to any changes was the main ingredient of last year's peace pact . . .

Thus the scene is being set once again for another confrontation off the track as well as on, with the commerical sponsors threatening to withdraw support from Grand Prix racing if a championship is again disrupted. Grand Prix can ill afford that. Representatives of the commercial sponsors who pour on average more than £1m a year into each team have served a formal warning that if this year's championship is disrupted once more, or next year's threatened, the sponsors will start knocking away the financial props. Without them, the whole Grand Prix edifice will crumble.

Aesthetics and ruthlessness

The workings of the fine art market are such as to destroy the average man's faith in human nature. At one level unworldly aesthetes running their hands in ecstacy along the finest Chippendale artistry at the next ruthless salesmen bargaining with all the tenacity of Warren Street second hand car dealers.

It is this commercial strain in the average antique dealer which is coming to the fore in a bubbling controversy over antiques fairs. Such fairs are vital to the trade. They are an opportunity to clear old stock quickly and to attract to London buyers from such still prosperous corners of the earth as the U.S. and Japan.

Until 1979 the major London antiques fair was at Grosvenor House, supported since the early 1930s by all the leading Bond Street firms. Then a nasty industrial dispute about the use of unionised workers at the hotel led to a disruption, and the removal of the top dealers to the Fine Rooms at the Royal Academy.

But Lord Forte is keen to get the antiques fair back to his Grosvenor House—along with all its overseas visitors. He has given the British Antique Dealers Association £10,000 to smooth the organisation of another fair there next June to coincide with Ascot and the London season. The Fair was announced this week with a minor flourish and a claim of 30 fixed exhibitors.

But many dealers prefer the Royal Academy, which has already announced a Fair for October 1983, and exhibitors at this year's Academy show have been sent letters encouraging them to stay loyal. There is also a controversy about what is now the real Grosvenor House Fair — all the original good will passed over to the Academy, which is unwilling to give it back to Lord Forte, and has forced Grosvenor House to drop its claim to continue a 40 plus year tradition.

It is possible that some rich dealers will be prepared to pay the maximum £15,000, plus trimmings, for a good display at both fairs. But they cannot afford to be at the Academy, at Grosvenor House, and at the other fairs which have developed in recent years. Olympia, also in June, has thrived from the disappearance of Grosvenor House, and this year claimed over 220 exhibitors and £3.5m worth of business, plus many immediate renewals for 1983. It is prepared to make way for its old rival. There is also the Park Lane Fair, and one devoted to porcelain at the Dorchester, which have also emerged in recent years.

Grosvenor House will have to fight very hard to get back its old customers, most of whom have continued loyalty to the RA, and in a trade where the veneer of culture disguises a chest of back-biting it is hard to predict the winners and the losers. The key factor is the assessing panel for the fairs. The experts in various fields are in a strong position to pay back favours and disfavours when judging whether their rivals' goods conform in quality and genuineness to the high standards that all the fairs proclaim. There is also the question of what the BADA is going to do with Lord Forte's £10,000.

The City of the Queens —Peru style

Paddington Bear was born in Peru and readers will know that his grandmother still writes to him from that faraway country from time to time. If she has been writing to him this month, it is a fair bet that Miss Universe has had a mention of two.

For Peru's capital, which Pizarro and his Spanish conquistadores named the City of Kings, has this month been the city of the queens, and an unlikely Third World setting to choose Miss Universe 1981's happy successor.

Not just the capital but the whole country has been treated, if that is the right word, to all the razzamatazz of the world's biggest beauty queen contest imported whole from California, USA—not so much a slice of Americana as a great plastic bucketful.

The 77 national queens and their 48 chaperones have certainly been getting around, preparing the film sequences for a TV spectacular on Monday, which will be beamed to 700m viewers around the world.

Film locations have included the Amazon rain forests and Lake Titicaca. But the high point, literally so, of the girls' adventures has been a day spent filming at Machu Picchu, the awesome Lost City of the Incas, perched atop the steepest precipices of the Andes. Machu Picchu was also the last secluded sanctuary of the Virgins of the Sun, who took starring roles in a number of Inca sacrifices. But this seems unlikely to have dampened for long the enthusiasm of the beauty queens.

Yet another location has been Nazca, where strange markings on the floor of the desert have excited theories of extra-terrestrial visitors to the Incas. The markings, it seems, only make sense if viewed from a height of about 10,000 ft.

Much the same might be said of the beauty contest, which certainly looks incomprehensible enough from close up. But it obviously makes sense for Miss Universe Inc., a U.S. company now owned by Gulf and Western's Paramount Pictures, which has been organising what it calls "the pageant" annually for 24 years, and is laying on a budget of $3m this month alone.

Mr Harold Glasser, the company's president, says it is "the most cost-effective promotion for tourism that a country like Peru could possibly have."

He says he has been delighted with the success of this year's event—though there have been mishaps. Miss Paraguay fell down some steps in rehearsal this week, and was rushed away by some hot-blooded first-aid men, who crashed their ambulance into a bus on the way to hospital. And Montezuma appears to have wreaked a terrible revenge on Miss Wales for most of the week.

But the longest-running prime time special show on CBS television—it started in 1960—looks ready to roll on Monday night. If you ever get to the Lost City of the Incas and too many other people have already found it, you will know who to thank.

Contributors:
John Griffiths
Antony Thorncroft
Duncan Campbell-Smith

Marked decline at Ladies Pride

PRE-TAX PROFITS at Ladies Pride in the half-year to May 31 1982 fell markedly from £350,625 to £164,574, on sales down from £3.78m to £3.39m. A net interim dividend of 1.4p per 20p share is recommended, the same as last year, when a final of 2p was also paid from pre-tax profits of £560,000.

This maker of ladies fashion outerwear says that against the continued background of the depressed national and world economies, the steps made last year to restore sales volume are taking longer than anticipated to bring results. This has led to further erosion in turnover and profits.

Projections for the second half indicate that any improvement is unlikely, but the maintenance of the interim dividend reflects the strength of the company and the board's confidence in the long term.

Birmingham Pallet makes £0.26m loss

For the half year to April 30 1982 Birmingham Pallet Group, light engineer, has incurred pre-tax losses of £256,000, compared with profits of £14,000 for the same period of 1980-81. In view of these results and the expectation of continuing losses in the second half, no interim dividend will again be paid.

In the last full year, the group made a loss before tax of £102,311 (£81,299 profits) and omitted both interim and final dividends.

Group sales for the six months under review fell back from £1.46m to £1.29m. The directors say demand for products of operating subsidiary, Birmingham Pallet Co., suffered a further severe downturn in the spring and it became clear that continued operation in its existing form was no longer viable, given no prospect of any upturn. Accordingly, its manufacturing facility is being closed.

Arrangements have been made for its products to be manufactured by another Midlands fabricator and the subsidiary will continue to trade as a selling and marketing business.

The directors say full provision for the costs of the closure at Birmingham Pallet Co. have been included in the interim figures. These show extraordinary debits of £199,000 this time. There was a tax credit of £10,000 (£6,000 charge) and stated loss per 10p share was 24.1p (0.83p earnings) before extraordinary items.

Adequate overdraft facilities have been agreed with the group's bankers, the directors add.

Resignation by Grob from Alexander board

BY JOHN MOORE, CITY CORRESPONDENT

MR KENNETH GROB, chairman of Alexander Howden Group, the insurance group with large Lloyd's of London interests and which forms part of the Alexander and Alexander insurance broking empire, has resigned from the board of Alexander and Alexander.

He resigned at the end of last week, although he is still remaining non-executive chairman of the Alexander Howden Group, a post he will relinquish at the end of this year.

The surprise move was described yesterday by Mr Michael Glover, chief executive of Alexander Howden, as a "retirement." Mr Grob, who was 60 last September, was instrumental in building up the Alexander Howden group and steered the group through its merger with Alexander and Alexander, the world's second largest insurance broker.

Mr Glover also confirmed yesterday, that Mr Alan Page, Howden's financial director, will be resigning from Howden in the future. He is three years beyond the group's retirement age of 60.

Mr Grob joined the Alexander board earlier this year once a £150m bid for the group had become unconditional. He has largely been responsible for organisation of the group's opposition to the divestment proposals of brokers shareholding links with underwriting syndicates at Lloyd's, which is now contained in the Lloyd's legislation.

Howden also confirmed yesterday that a "fair value audit" is being carried out in Howden by Deloitte Haskins & Sells, auditors for Alexander and Alexander in connection with the takeover bid. Mr Glover said that the procedure was customary in takeovers of this nature as *the auditors* are "establishing what is real value and what is goodwil within the group."

Bio-Isolates allotment

Bio-Isolates, which recently offered 41 per cent of its equity for sale prior to a USM listing, *has announced the allotment* basis for the shares.

Approximately 55 per cent of the issued shares will be allocated to those who applied for up to 20,000 shares. The balance will be allocated on the basis of a weighted ballot as follows: applications between 21,000 and 50,000 will receive 12 per cent of the shares sought. Applications for between 51,000 and 150,000 will receive 4 per cent. Applications over 150,000 will be deemed to have applied for 150,000 when applying the percentage.

Applications for between 1,000 and 10,000 shares will receive 500 shares each. Those between 11,000 and 20,000 shares will receive 1,000 shares each.

Allied Textile downturn

A SLIGHT decline from £1.28m to £1.23m in pre-tax profits is reported by Allied Textile Companies for the half year to March 31 1982. Turnover was also lower, at £13.99m compared with £14.71m.

The interim dividend is effectively raised from 2.564p to 2.82p net—last year's adjusted total was 6.582p.

The directors say that the substantial group funds no longer invested in textile activities remain at levels similar to those shown at September 30 1981. They see no real evidence of any general improvement in the very poor trading conditions of recent years.

The strength of the balance sheet fully supports the level of distribution, and the profits from continuing textile activities, together with income from other investments, will ensure adequate cover, the directors state.

First-half tax amounted to £637,000 (£667,000). Stated earnings per 25p share were down from 7.46p to 7.13p.

● comment

Allied Textile, the company that even draws comment from its auditors for its conservatism, continues to receive conservative treatment in the market. Yesterday's little-changed mid-year profits were slightly below expectations and the price remained unmoved at 182p. With cash, investments and finance leases representing over 168p a share only nodding acknowledgement is given to the textile side which after years of major surgery is showing improved margins and profits—about £1m midway—in a very depressed sector for UK producers. The absence of excitement stems from a policy of not fully realising its investment income and no particular desire to spend its cash. While the textile side looks set to maintain its better performance investment income is a variable which will be affected by lower interest rates. However, at least similar profits should be attainable for the year for a prospective fully taxed p/e around 9.

Brooke Tool £337,000 in the red

THE RATE of losses has accelerated at Brooke Tool Engineering (Holdings) in the first half year to March 31 1982. For the period the group has incurred a pre-tax deficit of £337,200, compared with a £170,400 reversal in the preceding six months and a profit of £55,900 for the same period of 1980-81.

Following the omission of last year's final, the group, which *makes cutting machine and mining* tools and steel fabrications, is not paying an interim dividend. Last time the interim was 0.75p net per 25p share.

The first six months has seen the termination of Hayes' production at Leeds and the start of the closure programme at the Whiteley factory, with a very considerable cost to the group both in terms of trading losses and extraordinary items written off to reserves.

Results for this year will inevitably show substantial trading losses, the directors warn.

The company's present strategy has been formulated to enable it to operate within existing banking facilities. The directors say it is reassuring that losses in the machine tool companies are being increasingly offset by the cutting tool and mining equipment businesses. These are running well and there is confidence *of further profitable growth next* year.

Group turnover for the half year increased from £4.38m to £6.22m, but net losses rose sharply from £43,500 to £645,800. There was no tax charge this time (£34,800), but extraordinary debits jumped by £244,000 to £308,600. Pre-tax figures were struck after much higher interest payments of £246,400 (£12,900).

The rationalisation programme was drawn up to achieve substan*tial cost reductions*, while striking the most practical balance between manning levels and projected demand, the directors state.

They say the policy of retaining sufficient capacity at Boxford and Broadbent to enable shareholders, when demand improves, to benefit from the cost and effort of designing the new products must be preferable to any further closures, in view of the very high write down of reserves of another major rationalisation programme.

This means though that pre-tax losses in the machine tool activities will continue at a significant level until there is an improvement in economic activity.

Since March, the group has seen some improvement in demand for Broadbent lathes, with orders worth £400,000 already on hand for delivery early next year.

Initial interest in the NC milling machine has continued and the company has to date obtained orders for 12 machines worth £350,000.

However these successes will not work through into profit until the 1982-83 financial year.

● comment

Brooke Tool's figures are bad and they look even worse considering that Brooke felt flush enough this time last year to strike the pre-tax profit after £200,000 of reorganisation and development costs. Now Brooke is dropping them all below the line, though it makes little real difference—distributable reserves have disappeared however the figures are presented. And judging by the interest charge which is £100,000 more in this half-year than for the whole of the pre*vious 12 months capital gearing* must now be looking pretty horrendous. It is the machine tool side where Brooke is losing all its money, its cutting tool operations are probably making quite healthy profits. The company is talking of some upturn in orders, but it will need a significant and sustained revival to get Brooke anywhere near to break even in the first half of next year. Meantime the shares at 10p—15p below par and valuing the company at just over £1m—underlines the market's natural caution.

YOUNG COMPANIES

At Young Companies Investment Trust 390 holders of warrants to subscribe for ordinary shares have exercised their subscription rights for a total of 610,460 shares.

This issue increases issued share capital to 7,125,218 shares.

Hanson raises UGI bid £1m

Hanson Trust, the industrial services group, has increased the value of its bid for United Gas Industries by £1m to £15.3m and secured the support of the UGI board for its offer.

Hanson announced yesterday that following discussions between the two boards it will increase by 10p to 135p cash per share its offer for the 78.3 per cent of UGI it does not already *own*.

The increased offer puts a value of £19.6m on UGI's entire equity compared with the £18.2m of the initial bid of July 14.

Hanson currently holds 3.16m UGI shares, equivalent to 21.7 per cent of the equity and has two representatives on its board. UGI makes gas meters and a wide range of gas and electrical heating appliances and components.

"Although we have been very close to Hanson we have been very conscious of the fact that we have the other shareholders to bear *in mind*," said Mr Roy Shepherd, UGI finance director.

"We thought 125p did not quite measure up to what we were worth. The new offer represents a 35 per cent premium on our market rating before the bid."

Hanson said it expected the formal offer document would be sent out on or around August 4, when UGI plans to publish its accounts for the year ended March 30 1982.

UGI's shares rose 1p yesterday to 136p. Hanson was an unchanged 170p.

Hanson believes that UGI, which last month reported pre-tax profits of £3.07m in the 12 months ended March compared with £1.65m previously, will fit in well with its existing light engineering activities.

Brokers Pidgeon De Smitt to be merged with Bekhor

STOCKBROKER A. J. Bekhor is merging the broking firm of Pidgeon De Smitt with its own activities. It is the second merger Bekhor has embarked on in the past two months.

In June Bekhor announced that it was taking over stockbrokers Tilling and Company in a move which was designed to clear up problems in Tilling's administration after computer troubles.

The latest merger will come into effect from September 6 when the business of Pidgeon will be incorporated.

Mr G. A. Cloake and Mr A. D. Read have been invited to join the Bekhor board as deputy chairman and finance director respectively. All other partners and associated members of Pidgeon have been invited to become associated members of Bekhor and Company. All the partners of Pidgeon de Smitt will be joining Bekhor.

The enlarged group will have a total of about 100 producers of income, servicing some 40,000 clients from its London office and 11 branches.

The merger arrangements are still subject to the approval of the Stock Exchange ruling council.

Braid hopes to pay final

Braid Group, the Liverpool vehicle distributor, yesterday announced that it hoped to be able to consider a final dividend this year as part of its defence against the £3.58m bid from Lookers.

It *also* disclosed unaudited trading results for the six months to June which showed a profit of £97,000 compared with a loss of £66,000 in the comparable period last year.

Continuing operations made a profit of £97,000 comparedw ith a loss of £19,000, while discontinued operations made a loss of £48,600 (£47,000 loss).

These results and the forecast of continuing modest pre-tax profits for the final quarter confirm Braid's view that as a result of its recovery programme the company is trading profitably, it said. If the board's expectations are achieved and present trends continue, a final dividend, the first for three years will be considered.

Braid said it saw no commercial benefit in Lookers' bid and repeated its assessment of its assets at 98p per share.

Lookers' offer of 58p per share expires on July 28 and may not be extended. Lookers holds 2.42m Braid shares or 40.3 per cent of the equity and has acceptances from a further 2.9 per cent.

Pozzolanic acquires Lytag in £4.4m deal

Pozzolanic, a wholly-owned subsidiary of BMI, an Australian diversified quarrying group, yesterday acquired for £4.4m cash, Lytag, a subsidiary of UK construction engineering group John Laing.

Both Pozzolanic and Lytag are engaged in the processing of pulverised fuel ash. Net book value of Lytag's assets is about £5.3m. In 1981, Lytag had turnover of £6.4m and incurred losses of £107,000.

Mr Denis Turner, deputy chairman of Laing, said yesterday: "We are adopting a tougher policy in the deployment of resources, and we were not very hopeful that Lytag would produce a reasonable return on its assets. It has not made significant profits since 1977-78. However, Pozzolanic and Lytag have much in common in terms of business and geography, and Pozzolanic believes that there are economies of scale to be gained."

Rest of TTP for European Ferries

European Ferries (EF) has paid £11.25m to acquire the 25 per cent of Townsend Thoresen Properties (TTP) it did not already own.

EF had an option to buy these shares since the property group started trading in 1975, and this move was in line with its policy of taking full control of subsidiaries, it said yesterday.

The terms of the deal, understood to be in cash, value TTP on an assets basis and discount anticipated profits on development in progress. Policy at TTP will not change and it will continue as the prime UK property development arm of the European Ferries Group.

EF bought the remaining TTP shares from Mr Paul Norman and Mr Irving Scholar, two chartered surveyors who started TTP with EF chairman Mr Keith Wickenden.

[[RESULTS]]

Multitone oversubscribed

Multitone Electronics' recent offer for sale by way of tender was oversubscribed nearly 16 times. Applications for more than 62m shares were received for the offer of 3.67m shares at the minimum tender price of 120p. The striking price has been fixed at 142p, which capitalises the company at around £21.7m.

Applications for some 24.48m shares were received at or above the striking price. The shares will be allocated as follows: applications for 200 shares will be allocated in full; those seeking 400 to 2,000 shares will receive 300 shares; those seeking 2,500 to 3,000 shares will receive 400 shares; those seeking 3,500 shares and above will receive 12.5 per cent of the amount applied for.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Textile ......int.	2.82	Oct 2	2.56*	—	6.58*
‡Andre de Brett	1.5	Sept 24	Nil	1.5	Nil
Brooke Tool Eng. ...int.	Nil	—	0.75	—	0.75
John Brown	2.5†	Oct 6	2.5	4.25	4.25
Crossfriars Trust	4.5	Oct 9	4.5	6.5	6.5
Dom Holdings	2.8	Oct 1	2.8	4.28	4.28
East of Scotland	1.35§	Oct 11	0.83¶	1.85§	0.83¶
Elbief	1	Oct 23	0.92	1.39	1.3
Independent Inv. Co....	0.5	Sept 27	0.5	0.5	0.5
"Investing In Success" int.	1.2	Oct 1	1.2	—	5.04
Lloyds Bank ....int.	9.92	Sept 3	8.63	—	21.38
Moorside Trust ......int.	1	Aug 12	1	—	3.5
Old Swan Hotel	0.5	Oct 1	0.4	0.9	0.8
St. Andrew Trust ...int.	2.5	—	2.5	—	6.5
Joseph Webb	0.38	Oct 1	0.39*	0.51	0.51*

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § For 16 months to May 31 1982. ¶ For 12 months.

'Tiny' Rowland buys 5m shares in Lonrho

Mr Roland "Tiny" Rowland, chief executive of Lonrho, the international trading conglomerate, has increased his own personal shareholding in the group by 5m shares, worth more than £4m.

He has exercised an option, granted almost two years ago, as part of a deal that saw Lonrho buy a stake in part of the hotel interests of multi-millionaire Mr Daniel K. Ludwig.

Mr Rowland's personal interest in Lonrho now amounts to 44.4m ordinary shares, representing 16.94 per cent of the equity.

NOLTON OFFSHOOT BUYS THORNPROOF

Carr and Day and Martin, a member of the Nolton Group, has purchased the assets of Thornproof, manufacturer of waterproof waxed cotton jackets for use in field sports activities.

Its sales force will be merged with Carr and Day and Martins' equestrian care sales force to form a joint marketing operation.

Other products manufactured by Carr include car care products, shoe and furniture polishes and portable stoves for the Ministry of Defence.

W. WILLIAMS

W. Williams and Sons has agreed with the reciever of Allisons Motors to acquire the BMW dealerships and motor sales and service businesses operated respectively by them in Doncaster and Hull for £177,000 cash.

Williams has also agreed to take on the liability from the receiver of claims for repayment of stock financing loans amounting to £88,000.

Pergamon buys technical publisher

Pergamon Press, Mr Robert Maxwell's privately-owned publishing group, has acquired the entire issued capital of the technical publishing company, R. Pollard Associates, for an undisclosed sum.

Pollard, based at Baldock, Herts, employs 75 people and has an annual turnover of £1.5m-£2m. The company is profitable, Pergamon said.

Pollard specialises in technical manuals produced either in-house on the basis of information provided or by supplying engineering staff and authors to industry in the offshore oil, aerospace, marine, construction, petrochemical and general engineering fields.

Mr Tim Wood, former technical director of Pollard, has been appointed managing director, while Mr Ray Pollard, the founder and managing director, will remain as a consultant to Pergamon.

Pergamon already supplies similar services to industry and government departments at home and abroad through its Technical, Manuals, Training and Reprographics subsidiary.

Pollard will operate as a separate company within Pergamon. It will attempt to expand its business in North America and the Middle East.

BESTOBELL

Bestobell has acquired Sparling, a UK subsidiary of Envirotech Corporation and Baker International of the U.S. The cash consideration is approximately $1.33m.

The company is based at Burgess Hill, Sussex, and is engaged in the manufacture of propeller meters and ultrasonic time of flight flowmeters.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Midland Bank is selling a 40 per cent stake in its merchant banking subsidiary Samuel Montagu to Aetna Life and Casualty, the largest quoted insurance concern in the U.S., for a cash consideration of £66.1m.

Also on the insurance front, Equity and Law Life Assurance, which already has interests in West Germany and the Netherlands, is paying approximately £4m to acquire Belgian insurance group L'Union Europeenne.

Engineers Babcock International is to sell its loss-making construction equipment business to IBH Holdings, a West German company, for around £10m. At the same time, Babcock acquired just over 10 per cent of the IBH equity for £19.3m.

Industrial and agricultural combine J. Bibby has agreed to pay £10m in cash for the European laboratory glassware activities of Corning Glass Works of the U.S.

Commodity traders S. and W. Berisford, currently involved in an acrimonious battle for control of British Sugar, has sold its UK sugar merchanting businesses to independent importers and merchants Napier Brown for £1.76m cash plus £4.3m in dividends. The disposals mean that Berisford will no longer merchant Tate and Lyle sugar products, thereby removing a possible objection by the European Commission's competition directorate on monopoly grounds.

Tarmac has paid the nominal sum of £1 to acquire Scottish Cities Investment Trust's 75 per cent stake in loss-making moulders Long and Hambly. The usual conditions requiring a similar offer to be made to minority shareholders have been waived by the Takeovers and Mergers panel.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
AAA Inds¶¶	41½§	38	35††	1.67	Glossop
Braid Group	58*	58	42	2.74	Lookers
Brit Northrop	18*	17	12	0.31	Padworth Invs
British Sugar	470*	465	470	139.53	Berisford (S & W)
Eva Inds	44	35	44	2.38	Anglo-Indonesian
Federated Land	175*	173	142	19.03	BSC Pnsn Funds
General & Comm	286½‡‡	260	235	15.32	Britannia Arrow
Gordon (Luis)	22*§	21	20††	0.37	Pedro Domecq
Grant Bros¶¶	190*	186	218	2.28	Jadepoint
Johnson Gp Clnrs	294§§	291½	179	31.85	Sunlight Services
Mixconcrete	155*	173	115	14.41	Pioneer Concrete
NCC Energy¶¶	25*§	24	35††	4.86	Cook Int
North (M. F.)	37*	36	31	9.25	Messrs D. & F. Barclay
St George's Group	154§§	146	139††	7.61	Spring Grove
United Gas Inds	135*§	136	100	15.37	Hanson Trust
Welbeck¶¶	52½§§	50	43	2.85	Canston (Sir J.)
Wlkr & Mtchll¶¶	1	5	18	0.06	Centreway

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on July 23 1982. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

Rights Issues

Berekeley Exploration and Production—Is raising £4.97m by way of a one for one rights issue at par and is seeking a quotation on the Unlisted Securities Market.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aitken Hume	Mar	769	(160)	18.1	(5.1)	6.0	(5.5)
Allied Colloids	Apr	9,590	(4,040)	12.1	(5.8)	3.11	(2.73)
Assoc Brit Engn	Mar	793	(468)	4.6	(3.8)	0.55	(0.5)
Black Arrow	Mar	535	(440)	4.8	(4.2)	2.75	(2.5)
Bristol Post	Mar	1,950	(1,040)	20.8	(11.0)	15.75	(11.0)
British Land	Mar	6,330	(4,730)	5.9	(6.8)	0.5	(0.25)
Cawoods	Mar	16,710	(13,520)	—	(—)	—	(—)
CH Industrials	Apr	41	(701)	10.1	(25.8)	1.4	(2.42)
Control Secs	Mar	1,010	(640)	4.7	(3.5)	2.76	(2.1)
Crown House	Mar	2,560	(2,090)	5.1	(25.7)	5.25	(5.25)
Davy Corpn	Mar	20,420	(18,750)	16.0	(14.2)	7.37	(6.7)
Fairdale Textiles	Jan	96	(202)	1.3	(3.3)	1.2	(1.5)
Fobel Intl	Dec	2,108	(36)	3.4	(—)	1.4	(1.14)
Fuller Smith	Apr	2,000	(1,400)	44.2	(43.0)	8.0	(6.3)
HME	Mar	22,570	(23,230)	7.3	(8.9)	8.0	(11.0)
Hampson Inds	Mar	509	(544)	1.5	(1.6)	0.75	(0.75)
Hogg Robinson	Mar	8,510	(9,020)	10.6	(12.5)	6.0	(6.0)
Illingwth Morris	Mar	1,260	(2,410)L	2.0	(—)	0.75	(0.55)
Initial	Mar	22,920	(19,710)	28.6	(22.4)	10.75	(9.0)
KK Rubber Ests	Mar	568	(676)	7.1	(7.5)	5.0	(5.0)
London Inv Tst	Mar	963	(852)	1.8	(1.6)	0.88	(0.88)
Mercantile House	Apr	14,400	(7,330)	41.1	(25.9)	14.0	(8.75)
MFI Furniture	May	15,120	(11,780)	6.2	(5.9)	2.8	(2.62)
Radiant Metal	Feb	122	(188)	4.3	(3.9)	2.0	(3.0)
RFD Group	Mar	1,040	(813)	6.0	(5.8)	2.8	(2.8)
Rothmans Intl	Mar	105,200	(71,200)	30.2	(12.9)	4.4	(3.65)
Sheffield Hses	Mar	211	(212)	4.9	(4.9)	2.4	(2.4)
Siebe Gorman	Apr	4,040	(3,510)	23.8	(20.2)	7.74	(7.26)
Sommerville (W.)	May	25	(54)L	5.9	(—)	1.55	(1.1)
Star Computer	Apr	822	(740)	11.5	(10.0)	2.0	(—)
Stroud Riley	Mar	1,120	(609)	10.9	(6.2)	2.25	(1.5)
Sykes (Henry)	Mar	549L†	(1,280)L‡	—	(—)	—	(—)
Syltone	Mar	1,180	(541)	24.2	(9.1)	9.0	(9.0)
Tex Abrasives	Mar	187	(278)	6.9	(8.3)	3.25	(3.25)
Victorian Carpet	Mar	224L	(368)L	—	(—)	0.15	(0.5)
Vinten Group	Mar	2,420	(2,020)	9.5	(7.4)	2.1	(1.75)
Wellman Engn	Mar	1,080	(656)L	3.7	(0.2)	3.35	(3.35)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Berisfords	May	302	(212)	1.4	(1.2)
Birmid Qualcast	May	427	(1,810)L	0.1	(0.1)
Bootham Engns	Apr	146L	(53)L	—	(—)
Bullough	Apr	2,320	(1,730)	4.7	(4.2)
Cardiff Prop	Mar	6¶	(20)¶	0.6	(0.6)
Dentsply	May	547	(956)L	—	(—)
Dewhurst & Prtnr	Mar	22	(349)L	0.15	(—)
Drake & Scull	Apr	1,930	(1,360)	1.25	(1.25)
Gestetner	May	4,650	(4,190)	1.25	(1.25)
Habit Engn	Mar	9	(85)L	—	(—)
Lovell (Y. J.)	Mar	1,150	(1,010)	1.13	(1.13)
Norfolk Capital	Mar	359L	(197)L	—	(—)
Scan Data Intl	May	79	(141)L	—	(—)
Westminster Prop	Mar	43	(182)	—	(—)
York Trailer	June	375	(835)L	—	(—)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net except where otherwise stated. † For 15 months. ‡ For previous 12 months. ¶ Corrected from last week. L Loss.

Offers for sale, placings and introductions

Australia—£100m bulldog bond.
Intereurope—Plans a listing on the Unlisted Securities Market.
Multitone Electronics—Is seeking a full Stock Exchange listing by way of an offer for sale by tender of 38,675,000 shares at a minimum price of 120p.
Twinlock—Intends to join the Unlisted Securities Market.

Scrip Issues

Allied Colloids—One for five.

MINING NEWS

Amax loses more in the second quarter

BY KENNETH MARSTON, MINING EDITOR

AMERICA'S major diversified natural resources group, Amax, went deeper into the red last quarter. The net loss reported of $42.7m (£24.3m) makes a loss for the first half of this year of $48.5m, equal to 94 cents per share.

This compares with net earnings in the first half of last year of $165.2m, excluding $46m gains on the sales of oil and gas interests.

The group's business sectors most severely depressed by weak markets in the latest quarter were molybdenum, base and precious metals, phosphate, potash and aluminium. On the other hand there were increased earnings from energy and iron ore.

Sales for the first half of 1982 were $1.4bn, compared with $1.5bn in the same period of 1981. Lower sales of molybdenum, copper, phosphate, specialty metals, potash and lead were largely offset by higher sales of coal, nickel, tungsten and iron ore.

Hard times for the nickel producers

A NET LOSS of C$29.1m, equal to a deficit of C$5.84 per share, for the first half of the year is reported by Canada's nickel-producing Falconbridge. It compares with a net profit of $16.5m in the same period of last year.

"Continuing high inflation and interest rates and weak demand with resulting unsatisfactory prices for base and precious metals," says the company, "have combined to present Falconbridge and the mining industry as a whole with the poorest business conditions since the 1930s."

This follows yesterday's news that the nickel industry leader, Canada's Inco, has lost a further US$36.9m (£21m) in the second quarter. It makes a half-year loss of $69.7m compared with net earnings of $79.8m in the first half of last year.

Inco has also announced that it is to defer completion of the big Thompson open-pit mine project by one year to early 1986 in view of the need to cut back on capital spending in the current business climate.

Joseph Webb falls and warns of a bleak year

A REDUCED contribution from its holidays and leisure interests has left pre-tax profits of Joseph Webb down from £561,182 to £435,406 for the year ended March 31, 1982, on turnover of £5.27m, against £4.97m. At halfway, taxable figures were £31,000 lower at £240,000.

On the future, the directors warn that in the absence of any firm signs of improvement in consumer spending, it is difficult to forecast other than a bleak year being in prospect for the current 12 months.

Trading profits from holidays and leisure fell from £759,383 to £585,465.

On capital increased by the one-for-ten scrip issue, the year's dividend is effectively unchanged at 0.511p net with a final of 0.3797p (adjusted 0.392p). Earnings per 5p share fell from 1.7p to 1.5p.

The group's property and investment income rose from £124.594 to £138,334 in the year, while the estate development sector made a small contribution of £7,747 (nil). Overall group trading profits of £731,546 (£883,977) were struck after depreciation of £360,936 (£328,816).

Interest charges were reduced from £322,795 to £296,141. After a lower tax charge of £24,736 (£99,054) which included adjustments of £37,494 (£10,881) in respect of prior years, net profits showed a decrease from £462,128 to £410,669.

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	‡12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
Amro Bank	12 %	■ Hambros Bank	12 %
Henry Ansbacher	12 %	Hargrave Secs. Ltd.	12 %
Arbuthnot Latham	12 %	Heritable & Gen. Trust	12 %
Associates Cap. Corp.	12 %	■ Hill Samuel	§12 %
Banco de Bilbao	12 %	C. Hoare & Co.	†12 %
BCCI	12 %	Hongkong & Shanghai	12 %
Bank Hapoalim BM	12 %	Kingsnorth Trust Ltd.	13 %
Bank of Ireland	12 %	Knowsley & Co. Ltd.	12½ %
Bank Leumi (UK) plc	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank Street Sec. Ltd.	13½ %	Edward Manson & Co.	13½ %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone	12½ %	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13 %	Norwich General Trust	12 %
Bremar Holdings Ltd.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Roxburghe Guarantee	12½ %
■ Brown Shipley	12 %	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	Standard Chartered	‖12 %
Castle Court Trust Ltd.	12½ %	Trade Dev. Bank	12 %
Cavendish G'ty T'st Ltd.	13 %	Trustee Savings Bank	12 %
Cayzer Ltd.	12 %	TCB	12 %
Cedar Holdings	12 %	United Bank of Kuwait	12 %
■ Charterhouse Japhet	12½ %	Volkskas Intl. Ltd.	12 %
Choulartons	13 %	Whiteaway Laidlaw	12½ %
Citibank Savings	¶12½ %	Williams & Glyn's	12 %
Clydesdale Bank	12 %	Wintrust Secs. Ltd.	12 %
C. E. Coates	13 %	Yorkshire Bank	12 %
Comm. Bk. of Nr. East	12 %		
Consolidated Credits	12½ %		
Co-operative Bank	*12 %		
Corinthian Secs.	12 %		
The Cyprus Popular Bk.	12 %		
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E.T. Trust	12½ %		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	15 %		
Robert Fraser	13 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%. 1 month 9.25%. Short term £8,000/12 month 11.6%.
† 7-day deposits on sums of: under £10,000 9%, £10,000 up to £50,000 9½%, £50,000 and over 10½%.
‡ Call deposits £1,000 and over 9%.
§ 21-day deposits over £1,000 10%.
¶ Demand deposits 9%.
‖ Mortgage base rate.

THE TRING HALL USM INDEX
127.2 (−0.8)
Close of business 23/7/82
Tel: 01-638 1591
BASE DATE 10/11/80 100

LADBROKE INDEX
578-583 (+6)

Institutions force Heathcote to quit as Allied Plant boss

BY DOMINIC LAWSON

MR MICHAEL HEATHCOTE has been replaced as chairman of Allied Plant Group, the plant hire and construction company, following pressure from institutional shareholders.

Allied director Mr William Law, will be chairman on a caretaker basis. The Allied board is consulting with the company's major institutional shareholders with a view to appointing a new long-term chairman.

Mr Heathcote said yesterday "my colleagues felt that someone else would do the job better. The institutions wish to put in their own chairman, but I do not know the reasons for their dissatisfaction. They regard themselves as pretty influential people."

Mr Heathcote said that he would continue as a director of Allied Plant, "but no one has asked me what I'm going to do. I'm sure that I will be treated generously."

Mr Heathcote said that the institutional shareholders involved in the decision were the South Yorkshire Pension Fund, the Menteith Investment Trust, and the Temple Bar Investment Trust (part of the Electra group). These institutions hold between them about 20 per cent of Allied Plant's equity.

Mr William Law, the new caretaker chairman said yesterday "quite simply, Mr Heathcote has resigned. There has been a disagreement in policy with institutional shareholders. Certain things have happened in the last year that have made them unhappy."

A month ago Allied Plant announced full year profits of £44,000, and paid a token 0.01p dividend.

Mr Heathcote is chairman of Allied Residential, which was formed last year out of the housebuilding interests of Allied Plant and Thames Investment and Securities. Allied Plant has a near 29 per cent stake in Allied Residential.

Last month Allied Residential announced attributable profits of £178,139 for the nine months to the end of 1981. When Allied Residential came to the market in May 1981 the profits of at least £1m were forecast for the year to March 1982.

Both Mr Law and Mr Heathcote denied that the performance of Allied Residential was connected with the decision to replace Mr Heathcote as chairman of Allied Plant.

Mr Law said that he was not prepared to comment on the future of Allied Plant's stake in Allied Residential. He said "we have made no firm decision on the future of our investments. There will be no overnight change of policy."

Yesterday the shares of Allied Plant were unchanged at 8½p, capitalising the company at £1.95m.

Hunt Chemical advances 44%

Net income at Philip A. Hunt Chemical Corporation, the U.S. manufacturer of specialty imaging chemicals in which Turner & Newall has a 63.5 per cent stake, climbed by 44 per cent from $3.78m to $4.02m in the first half of 1982, equivalent to an increase from $0.49 to $0.71 per share. Sales for the period were some $5m higher at $59.8m.

DRG Canada declines

Net income at DRG Canada was down from C$3.23m to C$1.37m in the six months to June 30 1982. Sales fell from C$56.06m to C$52.2m, a drop of 7 per cent.

An unchanged dividend of 11¼ cents has been declared. Earnings per share are down from 90 cents to 38 cents before extraordinary items — these amounted to C$305,000 last time — and from 96 cents to 38 cents after.

APPOINTMENTS

Mitchell Cotts Engineering has new managing director

Mr B. T. Griffiths has become managing director of MITCHELL COTTS & CO (ENGINEERING). This is the Birmingham-based holding company for Alldays Peacock, Cab-Craft, WDS Tooling Aids, Temperate Filtration, Mitchell Cotts Chemicals, Mitchell Cotts Mining Equipment and Mitchell Cotts Precision Engineering. Mr Griffiths has been with Mitchell Cotts since 1970 when he joined Alldays Peacock in Birmingham, becoming its managing director in 1974.

★

A new managing director has been appointed for TUDOR WEBASTO. He is Mr Alan Garnett, who was managing director of the International Disposables Cpn. He takes over from Mr Bill Craven who is managing director of Coventry Hood and Seating, a sister company within the C.H. Industrials Group.

★

Mr Stuart Charles Hancox and Mr William John Long have been appointed partners of MILTON, MORTIMER AND CO., stockbrokers in Exeter and Barnstaple.

Mr Jack Hubbard, chairman and chief executive, Reed Medway Sacks, has been elected president of EUROSAC, international federation of sack manufacturers. This is the first time that a British businessman has been elected.

★

Mr Dale L. Oliver has been appointed to the board of GROUP 4 TOTAL SECURITY. He is general manager of the company's cash in transit operation.

★

Dr J. Vennart has been appointed as an assessor at the Sizewell B public inquiry. He is director of the Medical Research Council's radiobiology unit, and will assist the inspector, Sir Frank Layfield, on matters concerning the biological effects of radiation and related issues.

★

GUINNESS SUPERLATIVES a subsidiary of Arthur Guinness and Sons, has appointed Mr Michael Hodge, formerly marketing manager, to marketing director, responsible for the Guinness Book of Records and the 62 other specialist subject titles. Mr Paul Jennings, formerly company accountant, has been promoted to financial director.

Mr B. T. Griffiths, managing director, Mitchell Cotts and Company (Engineering).

★

Sir James Patrick Ivan Hennessy has been appointed Chief Inspector of Prisons from September 1. He succeeds the late Mr W. H. Pearce. Sir James was Governor and Commander-in-chief of Belize.

★

Mr Alan Robson has been appointed a director of RCA and a director and president of RCA INTERNATIONAL FINANCE.

WORLD STOCK MARKETS

Slightly lower on Wall St

SLIGHTLY LOWER levels developed in sluggish trading on Wall Street yesterday when investors nervously awaited the Weekly Money Supply figures, due after the close.

By 1 pm the Dow Jones Industrial Average was off 2.09 at 829.91, reducing its rise on the week to 1.24, while the NYSE All Common Index, at $63.79, shed 16 cents on the day but was still up 12 cents on the week. Declines led advances by about 50 issues and the volume totalled a modest 36.6m (36.99m) shares.

Analysts said the market did not react immediately to news of Murray Weidenbaum's resignation as chairman of the President's Council of Economic Advisers, but reflected some disappointment over Salomon Brother economist Henry Kaufman's revised interest rate forecast.

Kaufman predicted short-term rates would decline over the near-term but would then come under renewed upward pressure. Previously, he said rates would climb irregularly.

Drugs were one of the weakest groups in the market, and the group's most active issue, G. D. Searle fell $2 to $34⅞. Eli Lilly were down $1⅞ to $56⅛, Pfizer $2 to $59, Bristol Myers $1⅝ to $58¼ and Squibb $1⅜ to $36⅞.

Spokesmen for both Lilly and Searle said they knew no reason for the decline in their companies' stocks.

Schlumberger improved a further $1⅛ to $38⅞ in heavy trading, following news of higher earnings.

Compugraphic rose $⅞ to $12⅛ after reporting a third quarter profit compared with a year-earlier loss.

THE AMERICAN SE Market Value Index gained 1.63 to 255.93, making a rise of 3.93 on the week. Volume 2.74m (2.83m) shares.

Closing prices for North America were not available for this edition.

Canada

Stocks were up sharply at mid-session as optimism about interest rates and the economy boosted prices.

The Toronto Composite Index put on 9.6 to 1,452.6, Metals and Minerals 19.9 to 1,375.3, Golds 36.8 to 1,873.1 and Oil and Gas 24.0 to 2,444.8.

Gold and Mine issues were aided by a firming in Bullion and Metal prices.

Tokyo

Share prices fell slightly in light trading amidst uncertainty about its future course, with the Market Average off 6.86 at 7,220.51 on a volume of 330m shares.

Bio Technology issues gained ground while Motors, Steels and Heavy Electric Machine Makers eased. Light Electricals and Precisions were mixed, but Communications firmed.

Non-Ferrous Metals declined in hectic trading after sharp rises in the past few days, and Oils were lower despite the yen's firmer tone.

Among Bio Technology issues, Kyowa Hakko rose Y30 to 612 and Mitsubishi Chemical Y9 to 248, with interest spreading to Drugs, Fods and Chemicals.

Nissan Motor fell Y23 to 735 and Toyota Y11 to 857, partly reflecting a 3.5 per cent fall in Japanese motor vehicle output in the first half of 1982 from a year earlier.

Pharmaceuticals generally rose following reports that U.S. based Genentech, in co-operation with Mitsubishi Kasei and Kyowa Hakko, had developed an agent that could help fight blood clots.

Sony rose Y40 to 3,200, despite news that General Electric of the U.S. filed a suit against Sony's U.S. unit for infringement of a patent for Thermoplastic resin.

Hong Kong

Prices fell sharply at the opening on continued worries over the local economy and the Colony's political future, but later partially recovered some of the lost ground.

The Hang Seng Index was off 15.96 at 1,283.56, after falling nearly 20 points.

Brokers cited two primary factors for the early drop on the market. The issue of Hong Kong's future after its lease from China expires in 1997 has been discussed widely this week.

A second factor weighing on the market was growing concern over the local economy. A local Chinese publication reportedly quoted the Financial Secretary as reiterating his projection that the economy will grow by 6 per cent, or less, this year, down from a forecast of 8 per cent in February. He also reportedly said that the budgeted Government surplus could turn into a deficit.

Australia

Share prices recouped early losses to close steady in moderate trading. The All Ordinaries Index closed unchanged at 473.4.

Most traders were waiting for clear direction from Wall Street investors who were assessing fresh signs of U.S. economic recovery.

Market leader BHP closed 8 cents higher at A$7.14, after A$6.86, despite news that its annual profit slipped 26 per cent to A$360.8m.

In the retail sector, Grace Bros lost 30 cents to A$3.05. Its suitor Woolworths shed 2 cents to A$1.48 and Waltons eased 5 cents to 65 cents.

Germany

Prices posted a recovery in livelier trading.

Foreign investors entered markets seeking selected shares, a development that benefited markts as a whole as domestic operators joined the trend.

The improved sentiment was also traced to a downturn in U.S. interest rates and a firmer West German Bond market.

As the Commerzbank Index rose 3.1 to 685.9, AEG, still having trouble raising promised new loans, eased to DM 32.7.

Activity remained muted in Bond trading in anticipation of conditions for a DM 1.5bn Government Bond issue to be announced Monday.

Paris

French and Foreign stock prices were marked up across the board in fairly active trading boosted by the decline of the dollar and indications that U.S. interest rates may come down further.

Also helping sentiment was the fact that Friday was the first day of the new monthly trading Account.

Switzerland

Steady to slightly higher after a mildly upbeat session encouraged by the weakness of the dollar, the softening of interest rates and the resulting strength of the Bond markets.

Swissair, off Frs 1 at 634, were nervously traded as news emerged that it had suffered a Frs 5m loss in the first half year, up from a year-earlier loss of Frs 2m at the half. The news comes on the heels of reports earlier in the week that the Airline is embarking on a major cost-cutting campaign including a hiring freeze and a reduction of its fleet.

Milan

Share prices reversed their recent declining trend to closed higher across the board, as the mood of the market brightened on feelings that the Banco Ambrosiano situation was improving.

Most of the day's buying was done by major Institutional investors, while the increased demand had also affected smaller operators, sparking position squaring and short-covering operations.

NEW YORK

Indices

NEW YORK ACTIVE STOCKS

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SWEDEN

SINGAPORE

SOUTH AFRICA

GERMANY

JAPAN

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Financial Rand: US$0.80½ (Discount of 51%)

(**) Saturday July 17: Japan Dow (C). TSE (C).

INTERNATIONAL COMPANIES and FINANCE

HEAVY LOSSES ON STEEL OPERATIONS

BHP profits fall by a quarter

BY MICHAEL THOMPSON-NOEL IN SYDNEY

NET PROFITS at Broken Hill Proprietary, Australia's largest company, with interests in steel, mining and energy, suffered a setback of 25.8 per cent to A$364.5m (US$368m) in the year to May 31, on conventionally struck figures.

In addition, prospects for a recovery seem bleak. Notably, BHP's steel division recorded its first loss since the late 1920s, and Mr Brian Loton, the group managing director, says that no immediate improvement is foreseen in steel.

On BHP's own inflation accounting system, taking in a fixed asset value adjustment (FAVA) allowance, the net profit fall before extraordinary items was the more sharp, with the outturn of A$150.3m against the previous year's A$258.1 — a cut of 41.8 per cent. With allowance for extraordinary items, however, the net profit attributable to shareholders under the company's system was 30.5 per cent down to A$185.4m, from A$266.8m.

The extraordinary gains arose mainly from the sale of the group's 31.5 per cent interest in ARC Industries, the steel products and wire company.

BHP sees the steel division as depending for a change of direction on a favourable Federal Government reaction to company requests for higher restriction levels on steel imports.

In the new financial year, BHP has had little to look forward to. Its directors maintain that the reduction in recent profit was due to substantial wage and other cost increases and significant under-utilisation of production capacity, allied to reduced international demand for minerals.

The group's total sales rose by only 6.6 per cent to A$4.9bn while gross profit was reduced to A$986m.

The steel division produced a loss of A$12.6m on a conventional basis, against a profit of A$105.6m, and a loss of A$154.9m after FAVA, compared with an A$38.6m loss in 1980-81. The John Lysaght metals division profits showed a gain of 20 per cent to A$35.5m pre-FAVA, and of 23 per cent to A$19.1m after, while the minerals division made a contribution of A$38.6m, down 25.7 per cent on the one basis, and showed a loss of A$9.5m, against a profit of A$4.4m, on the other.

In the oil and gas division, there was a fall of 3 per cent to A$268.4m on the conventional basis, and a rise of 4 per cent to A$263.2m on BHP's basis.

Unilever to sell resins business to DSM

By Sue Cameron

UNILEVER, the UK-based frozen foods to detergents giant, is planning to sell its chemical industrial resins business to DSM, the Dutch state-owned chemicals group, for an undisclosed sum.

Unilever has chemical resin plants in West Germany, France, Holland and Sweden. The resins are intermediates used in the making of a whole range of products including printing inks, paper, textiles, wallpaper, adhesives and plasticisers for PVC.

Unilever refused to say whether or not its industrial resins business was making a profit. But it is understood that the operation has been hard hit by the reduced demand and weak prices that have hit the entire West European chemicals industry.

Both DSM and Unilever apparently believe that the latter's resin business would be in a stronger position if it were part of the Dutch-based group's larger resin operation.

Unilever's industrial resin business employs some 800 people—all of them on the Continent rather than in the UK. DSM's own resin operations, on the other hand, employs around 1,200 people.

The two companies said that a study of the social, economic and legal implications of a sale was being carried out. They added that they believed there was a "reasonable chance of agreement."

If a deal does go through, it will mark one more—albeit small—step in the European chemical industry's attempts to restructure itself.

A number of bilateral agreements involving such companies as Shell and Akzo and BP Chemicals and Imperial Chemical Industries have already been settled. All of them involve sales or swaps that will help eliminate small, inefficient operations from what has become an overcrowded and loss-making West European marketplace.

Weyerhaeuser's earnings tumble in second quarter

BY TERRY BYLAND IN NEW YORK

This year's setback in profits at Weyerhaeuser, the world's largest timber, pulp, paper and packaging company, gathered pace in the second quarter as the recession wrought havoc on its major markets.

Net earnings of the U.S. group slumped from $74.9m to $26.1m, or from 55 to 16 cents a share in the period. Sales dropped from $1.2bn to $1.1bn.

Mr George Weyerhaeuser, president and chief executive, said that "*in response to the present market environment*," the company is continuing its freeze on management and professional employee salaries and taking further steps to control costs.

However, he added that, "even with depressed earnings, our cash flow from operations and our financial condition remain strong."

At the six-month point, earnings are 37 per cent down, from $131.9m or 98 cents a share at $83.1m or 55 cents a share, on sales down to $2.1bn from $2.3bn.

Mr Weyerhaeuser commented that high interest rates had continued to depress the housing and building materials industries, which are among the company's major customers, that the strength of the dollar had cut into export prices and margines, while the recession was bringing weakening markets for pulp, paper and packaging products.

Second-quarter earnings were reduced by 7 cents a share due to an increase in the group's 1982 tax accrual estimate. Profits were further reduced by $21m or 9 cents a share as a result of severance payments and related costs for employees whose jobs were eliminated during the quarter.

Cash flow generated by operations in the three months was down 23 per cent from a year earlier to $174m.

SBC registers strong first-half results

By John Wicks in Zurich

SWISS BANK Corporation reports "good" operational earnings for the first half of 1982, with all sectors of activity contributing to an improvement.

However, the bank warns that the overall rise in risks will make a further substantial increase in provisions necessary this year. Its interim report also says that "the uncertainties of the international economy" do not permit a reliable forecast for the second half.

The bank, Switzerland's second biggest, raised its net profits for calendar 1981 by 12.2 per cent to SwFr 321.7m ($155.4m).

SBC's balance sheet total stood at SwFr 97.15bn ($46.93bn) by the end of the first half of this year, representing a 9.6 per cent increase in the second quarter—and one of almost 11 per cent since the end of last year. The marked second-quarter growth is attributed primarily to the business of branches outside Switzerland. About one-third of the total increase was due to a rise in dollar and gold rates.

Customers' deposits went up 5.8 per cent in the second quarter to SwFr 57.51bn, also mainly the result of new foreign business, while total due to banks increased by over 19 per cent to SwFr 30.57bn.

Trio-Kenwood falls into the red

BY YOKO SHIBATA IN TOKYO

TRIO-KENWOOD, Japan's second largest specialist audio equipment maker, has suffered a net loss of Y747bn ($29.3m) for the year ended May compared with a net profit of Y735m a year earlier. As a result, the company is passing its dividend for the first time *in 22 years. It paid Y9 a share* last year.

Pre-tax profits fell 59 per cent to Y600m although sales rose by 2 per cent to Y64.12bn ($251m).

The company suffered a sharp drop in demand in the year in the U.S. and Europe. Sales over Christmas failed to absorb higher production resulting in increased stocks.

Trio cut second-half production by 40 per cent to reduce its stocks. Overseas sales fell 4 per cent in the year to account for 80 per cent of the total. Domestic sales, however, rose 11.9 per cent.

Trio's U.S. and European subsidiaries reported losses for the year exceeding their paid-up capital, forcing Trio to take a Y5.5bn write-down. In addition, the company increased its reserve for bad debts by Y3.1bn.

These adverse factors, which contributed to Trio's loss at the net level, were only partly offset by a Y1.28bn gain from the sale of securities and other assets.

The company expects little improvement in demand. Sales in the current year are targeted at Y72bn up by 12 per cent, operating profits at Y1.2bn, up by 100 per cent and net profits at Y72bn, up by 12 per cent. continue to withold divident payments.

Turbulent outlook for MBB

BY STEWART FLEMING IN FRANKFURT

WEST GERMANY'S leading aerospace group, Messerschmitt-Bölkow-Blohm (MBB), faces difficult trading in the next three to four years partly as a result of weakening world orders for civil aircraft.

Although the completion last year of the merger with VFW had gone smoothly, the outlook *for the next few years is* for "increasing turbulence."

Despite the costs of integrating VFW, net income increased from DM 51.1m to DM 58.5m ($24.1m) in 1981 on sales 16.8 per cent higher at DM 4.85m.

Behind the improvement was the build-up in production and sales of major projects, including work on the European Airbus.

The dramatic decline in orders for new civil aircraft is likely to have the most immediate impact on MBB which derives 52 per cent of sales revenues from civil and military aircraft programmes.

The slowdown is already making itself felt. Orders at end 1981 stood at DM 9.4bn, but by the end of this year the order book could be reduced to DM 8.8bn. Sales for 1982, which had been expected to hit DM 6bn, will probably only be DM 5.5bn.

MBB is concerned that the deteriorating conditions in the aerospace industry may force it to dismantle project teams. It is this pressing Bonn for a decision on a new fighter aircraft programme and is following closely the development of discussions for an expansion of the Airbus "family" of aircraft.

Italian banks to consider taking Ambrosiano stake

BY JAMES BUXTON IN ROME

THE SIX Italian banks which have formed a consortium to rescue the troubled Banco Ambrosiano are understood to have confirmed to the Bank of Italy, the central bank, that they are prepared to take broader measures to support the Milan bank, over and above meeting its immediate financial needs. The bank was formerly run by Sig Roberto Calvi, who was found dead under Blackfriars Bridge in London last month.

It was always intended that the consortium, led by Banca Nazionale del Lavoro, to provide not only stand-by funds but also to safeguard the longer-term future of the bank, if necessary by taking a shareholding.

The banks' intervention operation is confined to Banco Ambrosiano Spa, the Italian parent company, and covers the parent bank's own foreign exposure of $1.4bn. It does not involve the Italian banks' taking any responsibility for the additional $700m of exposure contracted by Banco Ambrosiano Holding in Luxembourg, a subsidiary of Banco Ambrosiano.

However, it is not yet clear what form the next stage of the rescue operation of the Italian parent company will take, or exactly how the six banks might take an equity stake in Banco Ambrosiano.

Meanwhile Sig Giovanni Spadolini, the Italian Prime Minister, has said publicly that the rescue operation, sponsored by the state through the Treasury and the Bank of Italy, does not include the exposure of foreign subsidiaries of Banco Ambrosiano. If it were to do so, he said, it would carry "the risk of favouring persons or institutions involved in the responsibility for the financial difficulty."

The aim of the Italian authorities is to persuade the Vatican Bank Istituto per le Opere di Religione (IOR), to accept what they believe to be its responsibilities through its connections with the Luxembourg concern's operations.

Sig Spadolini's remark is seen here as a reference to IOR and its chairman, Archbishop Paul Marcinkus. Three senior figures in the financial world have been called in by the Vatican to report on IOR's affairs.

● Milan magistrates have ordered Sig Michele Sindona and 25 other men to be sent for trial in connection with the crash of the Banca Privata Italiana in 1974. Among them is Sig Luigi Mennini, managing director of IOR.

Sig Sindona is already serving a prison sentence in the U.S.

DM 260m to be written off AEG loans

By Our Frankfurt Correspondent

WEST GERMAN bankers in the consortium supporting the troubled electrical group AEG-Telefunken have agreed to write off a further DM 260m ($107m) of loans to the company as part of the bridging finance agreement which has been reached with the German Government aimed at helping AEG out of its immediate liquidity problems.

Bank officials in Frankfurt said yesterday that the Government had insisted on the additional write-off as part of the arrangement under which Bonn is giving export credit guarantees of DM 600m to AEG.

Last year the banking consortium agreed to write off DM 240m of loans to AEG. At that time it was widely recognised that a further DM 260m of write-offs would be needed. The banks have also agreed to give the company new loans of some DM 285m.

Dupont pay delay

Dupont, the large chemicals company whose profits are being squeezed by the financing costs of its recent $6.8bn acquisition of Conoco, has delayed salary increases for its white collar workers for three months, writes Our New York Staff. After delaying them for one month at the end of June, Du Pont said yesterday, added a further three month delay.

COMMODITIES AND AGRICULTURE

COMMODITIES/REVIEW OF THE WEEK

Copper market lifted by rise in gold

BY OUR COMMODITIES STAFF

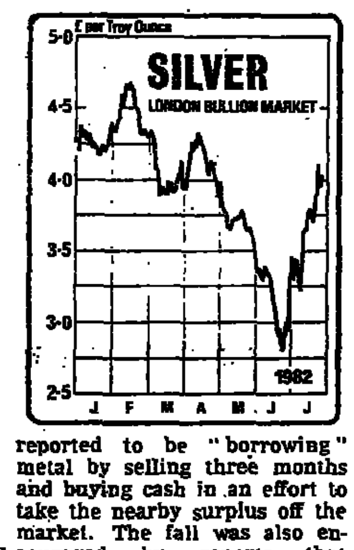
COPPER PRICES moved further ahead following the rise in gold, which was encouraged by improved hopes of more U.S. interest rate cuts. Despite late profit-taking yesterday cash high grade copper on the London Metal Exchange ended £31.25 up on the week at *£879.50 a tonne*, the highest level since last December.

Dealers said the strength of the rise in copper reflected the sharpness of the earlier speculative sell-off, which took the price below £700 a tonne five weeks ago. *They noted that* speculative activity was evident in this week's rise.

Renewed speculative interest, and the rise in gold, also boosted silver. The bullion spot price rose to 405.4p a troy ounce, 33.65p up on the week.

Lead and zinc prices had followed the copper rally until this week, when both ended significantly lower. Cash lead was £12.50 down at £318.50 a tonne while cash zinc fell £13.15 to £414.50 a tonne. Dealers suggested the rally in these metals may have been overdone

Tin prices also came under pressure and despite the intervention of the International Tin Agreement buffer stock manager *on the LME cash high* grade metal lost £402.50 to £6,227.50. The buffer stock was initially buying three months delivery tin but yesterday was



reported to be "borrowing" metal by selling three months and buying cash in an effort to take the nearby surplus off the market. The fall was also encouraged by reports that *Bolivia, which has dropped out* of the tin pact, is seeking the early return of its buffer stock contribution.

Cocoa prices on the London futures market began the week by slipping to a new 12-month low because of *disappointment* at the lack of progress towards effective price support measures at last week's meeting of the *International Cocoa Organisation*. The announcement of record West German second quarter cocoa bean grindings was ignored.

Prices were quiet for most of the week but moved up sharply *yesterday encouraged by a commission* house "buy" recommendation and increasing concern over prospects for the Ivory Coast's 1982/83 crop, ably heavy rain.

A £19 rise yesterday left September cocoa £7 up on the week at £903.50 a tonne.

Rumours of further Indian sales helped to depress sugar values. *Together with the* decline in gold and the strength of sterling this led to the loss of much of the recent price rally and the London daily raw sugar price ended the week £17 down at £107 a tonne.

Coffee prices were little changed despite a Columbian warning that the world surplus could reach "alarming proportions" over the next two years.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1982 High	1982 Low
METALS					
Aluminium	£810/815	—	£810/815	£810/815	£810/815
Free Markets c.i.f.	$965/985	—	$1150/210	$1120/158	$890/920
Antimony					
Free Market 99.6%	$2075/2175	+25	$2750/850	$2450/550	$2075/125
Copper Cash High Grade	£879.5	+31.25	£911.5	£875	£690.25
3 months Do. Do.	£895.5	+34.75	£937.25	£903.75	£711.75
Cash Cathodes	£856.5	+36.5	£906	£871	£683.5
3 months Do.	£875.5	+35.5	£928.25	£898.5	£705.5
Gold per oz	$363.75	+18.75	$408.5	$405.5	$296
Lead Cash §	£318	−12.5	£439.5	£355.5	£282
3 months §	£330	−12.75	£459.75	£377.25	£292.5
Nickel	£4080	—	£3850.5	£4080	£37375.7
Free Markets c.i.f. lb	225/255c	−5	275/295c	265/295c	225/255c
Platinum per oz	£260	—	£247	£260	£260
Free Market per oz	£176.85	+7.35	£215.75	£201.60	£141.15
Quicksilver (76 lbs)	$360/370	—	$430/440	$415/420	$350/360
Silver per oz	405.40p	+33.65	456.75p	457.85p	285.10p
3 months per oz	416.50p	+34.45	472.10p	483.15p	294.00p
Tin cash	£6,227.5	−402.5	£7755	£8985	£5460
3 months	£6,362.5	−412.5	£7690	£8132.5	£5552.5
Tungsten Ind.	$111.18	+1.7	$144.40	$134.48	$106.98
Wolfram (22.04 lb.)	$107/112	−5	$149/152	$128/132	$102/107
Zinc cash	£414.5	−13.5	£462.5	£463.75	£370.5
3 months	£421.25	−11.75	£472.75	£469.25	£373.5
Producers	$800	—	$925	$950	$800
GRAINS					
Barley Futures	£109.00 t	+0.90	£101.50	£111.60	£102.50
Maize French	£136.00u	−1	£130	£138.00	£131.50
WHEAT Futures	£113.75 t	−0.15	£108.50	£124.40	£107.80
Hard Winter Wheat	:	—	£117.80	£118.75	£115.00
SPICES					
Cloves (q)	£5,825x	—	£4,950	£6,600	£5,400
Pepper, white	$1,600v	+10	$1,875	$2,000	$1,590
" black	$1,140v	−10	$1,225	$1,475	$1,140
OILS					
Coconut (Philippines)	$455y	−7	$602.5	$560	$465
Groundnut 5%	:	—		$715	$557.5
Linseed, Crude	:	—	£452	£430	£353
Palm Malayan	$405u	—	$585	$545	$392.5
SEEDS					
Copra (Philippines)	$310	—	$370	$355	$310
Soyabeans (U.S.)	$254.75u	—	$300	$277	$250
OTHER COMMODITIES					
Cocoa Shipments §	£939	+7	£1,178	£1,278	£890
Cocoa Futures Sept.	£903.5	+7	£1,135.5	£1,223.5	£856.5
Coffee Futures Sept	£1,118.5	+3	£1,117.5	£1,353.5	£1,083.5
Cotton Index	79.10c	+0.4	88.05c	79.10c	67.80c
Des. Coconut	£600	—	£680	£640	£500
Gas Oil Fut. Aug.	$282.75	+3.5	$295.35	$325	$235.25
Jute LI ABW C grade	£260x	—	£230	£270	£250
Rubber kilo	49.25p	+0.75	61p	58.75p	45p
Sago Pearl	£245x	—	£252	£280	£220
Sisal No. 3L	$640/650x	—	$720	$640/660	$640
Sugar (Raw)	£107xz	−17	£225	£177	£95
Tapioca No. 1	£240x	—	£229	£245	£215
Tea (quality) kilo	128p	+2	128p	128p	117p
(plain) kilo	:	—	:	90p	78p
Wooltops, 64s Warp	385p kilo	−3	388p kilo	402p kilo	375p kilo

: Unquoted. (q) Madagascar. (s) October. (t) November. (v) July-Sept. (u) Aug. (z) Sept. (y) Aug-Sept. (x) July-Aug. * Nominal. § Ghana cocoa.

INDICES

FINANCIAL TIMES

July 22	July 21	M'th ago	Y'ar ago
234.07	234.66	229.19	274.75

(Base: July 1 1952 = 100)

REUTERS

July 23	July 22	M'th ago	Y'ar ago
1556.8	1568.5	1518.6	1710.8

(Base: September 18 1931 = 100)

MOODY'S

July 22	July 21	M'th ago	Y'ar ago
1011.4	1015.0	984.0	1065.4

(December 31 1931 = 100)

DOW JONES

Dow Jones	July 22	July 21	Month ago	Year ago
Spot	126.58	126.75	121.22	—
Futr's	128.04	127.75	120.66	—

(Base: December 31 1974 = 100)

BASE METALS

Amalgamated Metal Trading reported that in the morning cash Highter Grade traded at £887.00, 86.50, 88.00, three months £900.00, 900.50, 01.00, 02.00, 04.00, 03.00, 02.00, 01.00. Cathodes, cash £862.00, three months £882.00, 81.00. Kerb: Higher Grade, three months £899.00, 98.00, 97.00, 98.00, *99.0., 98.50, 98.00*. Afternoon: Higher Grade, three months £897.00, 96.00, 97.00, 96.50, 97.00, 97.50, 98.00, 97.50, 95.00. Cathodes, cash £856.00, three months £876.00, 75.00. Kerb: Higher Grade, three months £896.00, 97.00, 98.00, 99.00, 98.00, 97.00, 96.50, 96.00, 95.00. Turnover, 35,700 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGrde				
Cash	886.5	+21.7	879-80	+14.7
3 mths	900-1	+18.5	895-6	+12.7
Settlem't	886.5	+21.5	—	.....
Cathodes				
Cash	862-3	+19	856-7	+14.5
3 months	881-2	+19	875-6	+15.5
Settlem't	863	+19	—	.....
U.S. Prod.	—	—	*70-75	.....

Tin—Morning: Standard, cash £6,220, 15, three months £6,340, 50, 60, 50. Kerb: Standard, three months £6,350, 60. Afternoon: Standard, cash £6,220, three months £6,350, 60, 65, 70. Kerb: Standard, three months £6,380, 60. Turnover, 3,340 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	6215-20	−182	6225-30	−125
3 months	6345-55	−120	6360-5	−157
Settlem't	6220	−185	—	.....
Standard				
Cash	6215-20	−182	6225-30	−125
3 months	6545-50	−117	6360-5	−140
Settlem't	6220	−185	—	.....
Straits E.	$29.15		—	.....
NewYork	—		.....	

Lead—Morning: Cash £318.00, three months £336.00, 34.00, 33.00, 32.00, 30.00, 29.50, 29.00, 29.50. Kerb: Three months £329.00, 30.00. Afternoon: Three months £330.00, 20.50, 30.00. Kerb: Three months £330.00, 29.00, 30.00. Turnover, 13,700 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	317.5-8	+4.5	317.5-8.5	+2.5
3 months	329-.5	+3	329.5-30.5	+1.75
Settlem't	318	+4.5	—	.....
U.S. Spot	—	.....	*28-8	.....

Zinc—Morning: Three months £426.00, 25.50, 25.75, 25.50, 22.00, 23.00, 22.50, 23.50, 23.00, 22.50. Kerb: Three months £422.00, 423.00. Afternoon: Three months £422.00, 21.00, 21.50. Kerb: Three months £423.50, 23.00, 22.50. Turnover, 12,450 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	416-7	+6.5	414-5	+5.5
3 months	422.5-3	+5.5	421-.5	+5.5
S'ment	417	+6.5	—	.....
Primw'ts	—	.....	37-40.5	.....

Aluminium—Morning: Cash £556.00, 56.50, three months £578.50, 78.00, 77.00, 76.50, 76.00. Kerb: Three months £576.00, 76.50, 76.00. Afternoon: Three months £575.00, 76.00, 75.50, 76.00. Kerb: Three months £576.00, 75.00, 74.00, 73.00. Turnover, 7,250 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	552-5	+2.75	556-7	+1
3 months	575.5-6	+2.5	575.5-6	−.5

Nickel—Morning: Three months £2,860, 50, 60, 65, 50, 60, 55. Kerb: Three months £2,860. Afternoon: Three months £2,850, 45, 40, 30, 25, 30, 33, 35. Kerb: Three months £2,825, 30. Turnover, 1,152 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2835-45	−45	2815-20	−87.5
3 months	2855-60	−47	2855-5	−78.5

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 6.6p an ounce higher for spot delivery in the London bullion market yesterday at 405.4p. U.S. cent equivalents of the fixing levels were: spot 714.5c, up 9.7c; three-month 736.1c, up 9.1c; six-month 756.5c, up 9c; and 12-month 798.5c, up 8.8c. The metal opened at 406-408p (712-716c) and closed at 405-408p (713-717c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	405.50p	+6.88	407.75p	+8.5
3 months	416.50p	+7.18	419.5p	+8.25
6 months	425.80p	+8.18	—	.....
12months	445.50p	+6.88	—	.....

LME—Turnover: 91 (90) lots of 10,000 ozs. Morning: cash 405.0, three months 417.0. Kerb: three months 416.5, 17.0. Afternoon: three months 419.0, 18.5. *Kerb: three months* 423.0, 22.0, 21.0.

COCOA

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	873-75	+18.0	875-48
Sept	903-04	+19.0	912-877
Dec	944-45	+17.0	952-20
March	979-80	+17.5	986-55
May	1003-04	+22.0	1004-977
July	1018-19	+15.5	1021-06
Sept	1036-48	+15.0	—

Sales: 2,728 (1,004) lots of 10 tonnes.

ICCO—Daily price for July 23: 72.26 (70.28). Indicator price for July 26. *70.08 (69.72)*.

COFFEE

COFFEE	Yest'day's Close	+ or —	Business Done
July	1250-59	+0.5	1270-50
Sept	1107-80	+10.0	1122-15
Nov	1010-10	+7.0	1019-12
January	987-89	+9.5	987-80
March	960-63	+1.5	965-60
May	937-38	+4.0	945-35
July	926-29	−8.5	935-25

Sales: 2,359 (2,472) lots of 5 tonnes.

ICO Indicator prices for July 22: (U.S. cents per pound): Comp. daily 1979 114.82 (115.01); 15-day average 116.54 (116.87).

GRAINS

LONDON GRAINS—Wheat: U.S. Dark *Northern Spring No. 1* 14 per cent. Aug 113.50, Sept 112.50, Oct 114 transhipment East Coast seller. English Feed fob, Oct 115.50 East Coast, Sept 112.50 paid Boston. Sept 112.75 paid South Coast. Maize: French, Aug 136 transhipment East Coast seller. S. African White/Yellow, Aug/Sept 89 seller. Barley: English Feed fob, Aug 105 *South Coast seller*. Rest unquoted.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
Sept	110.30	+0.45	105.05	+0.15
Nov	113.75	+0.35	109.00	+0.19
Jan	117.45	+0.40	112.60	+0.39
Mar	120.70	+0.49	115.75	+0.45
May	124.15	+0.45	118.85	+0.40

Business done—Wheat: Sept 110.30-109.90, Nov 113.75-113.45, Jan 117.35-117.15, March 120.40 only, May no trades. Barley: Sept 105.10-104.90, Nov 109.00-108.80, Jan 112.60-112.30, March 115.75-115.30, May 118.85-118.50. Sales: 56 lots of 100 tonnes. Sales: 366 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 100.30, E Mids 100.10, N East 97.00. The UK Monetary Coefficient for the week beginning Monday July 26 is expected to remain unchanged.

RUBBER

The London physical market opened about unchanged and was inactive throughout the day. Lewis and Peat recorded an August fob price for No. 1 RSS in Kuala Lumpur of — (197.25) cents a kg and SMR 20 — (172.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Aug	50.80-51.50	50.00-51.50	—
Sept	51.10-51.90	51.00-51.80	—
Oct-Dec	52.60-52.80	52.80-52.90	52.80-52.70
Jan-Mar	55.40-55.50	55.30-55.40	55.60-55.40
Apl-Jne	58.10-58.30	58.00-58.20	—
Jly-Sept	60.70-60.90	60.60-60.70	—
Oct-Dec	63.40-63.50	63.30-63.40	63.40
J'n-Mch	65.70-66.00	65.90-66.00	—
Apl-Jne	68.20-68.30	68.00-68.60	—

Sales: 35 (136) lots of 15 tonnes nil (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 49.25p (same): Aug 51.25p (51.00p): Sept 51.75p (51.25p).

SOYABEAN MEAL

Stronger sterling prompted a slightly weaker opening, reports T. G. Roddick. Prices eased further on commission house selling.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	123.60-24.3	−0.55	—
October	126.20-26.4	−1.10	126.70-26.30
Dec	130.30-30.5	−1.05	130.30-30.50
Feb	133.80-33.7	−1.35	134.00-34.00
April	133.50-34.0	−2.45	133.00-34.00
June	135.80-36.2	−1.25	—
August	136.80-38.0	−1.25	—

Sales: 61 (33) lots of 100 tonnes.

SOYABEAN OIL—The market opened $2.00 higher in dull conditions and *remained steady on a weaker dollar*. Closing prices and business done (U.S. $ per tonne): Aug 488.00, 492.00, untraded; Oct 487.00, 488.00, untraded; Dec 486.00, 486.50, 486.50; Feb 488.00, 490.00, 489.00; April 491.00, 496.00, untraded; June 496.00, 513.00, untraded; Aug 500.00, 511.00, untraded. Sales: 20 (77) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £107.00 (£109.00) a tonne cif July-Aug-Sept shipment. White sugar daily price £129.00 (same).

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	108.50-08.75	109.00-09.25	110.00-07.00
Oct	115.75-16.15	114.75-14.85	117.00-12.50
Jan	120.00-26.00	117.00-26.00	—
March	129.15-29.50	128.00-28.05	130.00-26.00
May	132.00-32.15	130.70-30.75	132.50-28.75
Aug	135.50-36.00	134.00-34.75	135.00
Oct	139.55-40.00	138.00-40.00	139.00

Sales: 3,413 (3,662) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £212.50 (£215.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for July 22: Daily price 7.37 (7.57); 15-day average 8.04 (8.06).

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	31.50-31.90	+0.05
Iranian Light	30.50-31.00	+0.5
Arabian Heavy	29.60-29.75	+0.05
North Sea (Forties)	30.00-33.15	+0.13
African (Bonny L'ht)	34.00-34.35	+0.15
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	346	+4
Gas oil	275-285	+2
Heavy fuel oil	159-162	−1

GAS OIL FUTURES

The weaker dollar, leading to strong physicals, brought the market in sharply higher. An easing off in prices met good buying and the market remained steady. Long liquidation and strong U.S. commission house selling pushed prices to the lows, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
July	276.25	−2.25	282.00-81.50
August	280.75	−1.50	280.00-81.75
Sept	282.25	+0.25	286.25-81.25
Oct	284.25	—	288.00-85.50
Nov	286.00	+1.00	288.25-85.50
Dec	287.00	+1.50	288.00-86.50
Jan	289.00	+3.00	288.50
Feb	289.75	+2.75	—
March	288.50	+2.50	—

Turnover: 4,984 (3,071) lots of 100 tonnes.

AMERICAN MARKETS

NEW YORK, July 23

HEATING OIL was lower on selling prompted by a reduction in crude prices by Ecuador. Arbitrage buying and *rumours* of heavy damage to the Ivory Coast cocoa crop from excessive rains put the market moderately higher. Sugar was mostly lower on reports of Indian selling, after arbitrage buying rallied the market earlier. Coffee backed off following delays in Brazilian registration for July sales. Precious metals rallied early but could not hold all their *gains as interest rates dropped lower*, reported Heinold.

Copper—July 67.30 (66.95), Aug 67.60 (67.25), Sept 68.15-68.35, Dec 70.30-70.50, Jan 71.20, March 72.40-72.75, May 74.50, July 75.55, Sept 77.50, Dec 79.70, Jan 79.85, March 81.30, May 83.35. Sales: 11,000.

*Gold—July 361.2 (358.8), Aug 360.5-362.0 (359.5), *Sept* 364.8, *Oct* 368.0-369.5, Dec 375.0-377.0, Feb 383.6, April 392.0-392.5, June 399.1, Aug 407.0, Oct 415.1, Dec 423.3, Feb 431.6, April 440.0.

Potatoes (round whites)—Nov 66.0 (66.2), Feb 62.5 (68.0), March 77.0, April 86.2. Sales: 822.

¶Silver—July 729.0 (697.7), Aug 725.2 (698.3), Sept 728.0-738.5, Dec 753.0-761.0, Jan 770.0, March 780.0, May 804.0, July 810.0-820.0, Sept 829.0, Dec 853.0, Jan 861.0, March 877.0, May 905.0. Handy and Harman bullion spot: 721.00 (692.00).

Sugar—No. 11: Sept 7.46-7.47 (7.55), Oct 7.55-7.60 (7.75), Jan 7.90-8.10, March 8.70-8.72, May 9.00, July 9.15-9.18, Sept 9.45-9.55, Oct 9.80. Sales: 13,120.

Tin—518.00-522.00 (519.00-523.00).

Lard—Chicago loose 24.00 (23.50).

Live Cattle—Aug 63.07-63.00 (63.40), Oct 61.70-61.80 (61.77), Dec 62.80, Feb 61.75-62.00, April 61.50, *June* 62.30, Aug 62.00.

Live Hogs—Aug 61.20-61.15 (61.07), Oct 56.55-58.65 (59.00), Dec 58.55-58.45, *Feb* 56.20-56.05, *April* 51.90, *June* 52.40, July 52.62, Aug 50.00.

‡‡Maize—Sept 256¾-256½ (258¼), Dec 257½-257¼ (258¾), March 271¾-271½, May 279¾-280, July 284¾-284½, Sept 285-285¼.

Pork bellies—July 84.70 (82.70), Aug 80.85-80.60 (79.20), Feb 76.25-76.00, March 75.35-75.20, May 72.60-72.80, July 73.65, Aug 72.15.

†Soyabeans—Aug 618½-618¾ (618¾), Sept 618-617½ (616¾), Nov 623-624, Jan 640-640½, March 657-657½, May 671, July 683-683½, Aug 687½, Sept 686½-687½.

‖Soyabean Meal—Aug 179.8-178.7 (179.3), Sept 180.3-180.2 (179.3), Oct 180.3, Dec 185.2-185.4, Jan 188.0-188.2, March 192.0, May 196.5-197.0, July 200.5-201.0, Aug 20.5-201.0.

Soyabean Oil—Aug 18.67-18.66 (18.61), Sept 18.85-18.84 (18.80), Oct 18.96-18.97, Dec 19.35-19.34, Jan 19.60-19.62, March 19.93-19.95, May 20.15-20.20, July 20.50-20.51.

†Wheat—Sept 351-351½ (350¼), Dec 373-373½ (372¼), March 388¾-388½, May 395¼-395, July 392½.

WINNIPEG, July 23.

§Barley—July 113.9 (118.9), Oct 112.0 (111.8), Dec 113.4, March 116.0, May 117.0.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can per metric ton. ‡‡ Cents per 56-lb bushel. † Cents dozen. ‡‡ $ per metric ton.

Thursday's closing prices

††Cocoa—Sept 1393 (1403), Dec 1454 (1466), Mar 1515, May 1560, July 1603, Sept 1645. Sales: 1,375.

Coffee—"C" Contract: Sept 124.50-124.90 (123.00), Dec 116.00 (115.38), Mar 111.25-111.50, May 108.75, July 105.10-106.00, Sept 103.00-105.00, Dec 102.00-103.50. Sales: 2,400.

Cotton—No. 2: Oct 71.60-71.70 (71.42), Dec 73.60-73.75 (73.40), Mar 75.65-75.75, May 76.95-77.10, July 77.95-78.20, *Oct* 76.90-77.00, *Dec* 76.60. Sales: 4,300.

Heating Oil—(cents per U.S. gallon): Aug 89.25 (88.33), Sept 89.25-89.40 (88.09), Oct 89.30-89.70, Nov 90.70, Dec 91.10-91.80, Jan 91.50, Feb 91.50, Mar 91.90, April 90.75, May 90.75.

Orange Juice—Sept 126.50-126.70 (127.35), Nov 125.70-126.00 (126.60), Jan 126.70-126.80, Mar 127.80-128.00, May 128.90-129.00, July 129.95-130.00, Sept 130.95-131.00, Nov 131.95-132.30. Sales: 500.

*Platinum—Oct 311.0-312.0 (303.8), Jan 316.8-318.0 (311.6), April 325.5-326.0, July 335.0-337.0. Sales: 2,875.

CHICAGO, July 23.

Chicago Imm Gold—Sept 363.0-362.5 (359.9), Dec 376.0 (371.3), Mar 385.4, June 397.0, Sept 408.8.

GOLD MARKETS

Gold rose $11¼ to $363¼-364¼ in the London bullion market yesterday. It opened at $364-365, and was fixed at $363.75 in the morning, and $363.25 in the afternoon. After touching a low point of $362¾-363¾ the metal met *renewed demand* as *Eurodollar* interest rates and the U.S. currency fell. Gold rose to a peak of $366-366¾.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	206.70-7.00	+2.100	208.80-8.10
Sept'mb'r	208.50-9.00	+2.250	209.80-9.50
October	211.10-1.60	+2.900	211.80-1.70
November	211.50-4.00	+2.500	—
December	214.00 4.10	+1.800	—
January	215.10-5.80	+1.500	215.80-4.50

Turnover: 517 (515) lots of 100 troy ounces.

GOLD MARKETS

	July 23		July 22	
Gold Bullion (fine ounce)				
Close	$363¼-364¼	(£206½-207)	$352-353	(£201¾-202¼)
Opening	$364-365	(£207¼-207¾)	$355¾-356¾	(£203¾-204¼)
Morning fixing	$363.75	(£206.442)	$356.25	(£206.078)
Afternoon fixing	$363.25	(£205.962)	$353	(£202.061)
Gold Coins July 21				
Krugrnd	$364½-375	(£212½-213)	King Sov	$90-92 (£51½-52)
½ Krug	$193-194	(£109½-110¼)	Victoria Sov	$90-92 (£51½-52)
¼ Krug	$98½-99½	(£56-56½)	French 20s	$78-80½ (£44¼-46¼)
1/10 Krug	$40-41	(£22¾-23¼)	50 pesos Mex.	$454½-458 (£246-261)
Mapleleaf	$374¼-378¼	(£212½-213)	100 Cor. Aust	$447¼-448¼ (£195-300¼)
New Sov	$86½-87	(£49-49½)	$20 Eagles	$398-405 (£226¼-231)

LONDON TRADED OPTIONS

July 22 Total Contracts 3,892 Calls 3,536 Puts 356

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	260	16	8	34	19	40	15	276p
BP (c)	280	5½	37	18	46	27	5	"
BP (c)	300	2	2	11	142	16	—	"
BP (c)	330	¼	—	5	—	7	2	"
BP (p)	260	2	—	8	—	11	3	"
BP (p)	300	26	10	32	—	36	—	"
CU (c)	130	16	10	22	—	26	—	146p
CU (c)	140	8	195	13	31	19	—	"
CU (c)	160	1	—	5	—	10	1	"
Cons. Gld (c)	330	85	—	92	—	95	1	411p
Cons. Gld (c)	360	55	1	62	—	70	—	"
Cons. Gld (c)	390	27	1	35	6	45	4	"
Cons. Gld (c)	420	5	—	17	17	26	2	"
Cons. Gld (c)	460	1	—	6	—	11	—	"
Cons. Gld (p)	390	2	—	10	2	18	—	"
Cons. Gld (p)	420	15	—	24	—	46	—	"
Ctlds. (c)	80	4	86	10	12	13	10	81p
Ctlds. (c)	90	1	—	4	—	35	9	"
GEC (c)	900	205	1	230	—	245	—	1107½p
GEC (c)	950	155	—	190	—	195	—	"
GEC (c)	1000	105	55	150	5	155	2	"
GEC (c)	1100	17	26	60	37	82	1	"
GEC (p)	850	1	—	3	4	6	—	"
GEC (p)	1000	1	2	13	26	25	47	"
GEC (p)	1100	25	1	42	23	53	6	"
Gr'd Met. (c)	194	59	—	64	3	69	—	251p
Gr'd Met. (c)	214	36	18	44	35	49	3	"
Gr'd Met. (c)	220	33	3	39	4	44	3	"
Gr'd Met. (c)	240	14	6	24	122	29	—	"
Gr'd Met. (p)	194	¼	—	1½	—	2	—	"
ICI (c)	280	35	—	41	—	46	4	312p
ICI (c)	300	16	40	26	7	36	28	"
ICI (c)	330	2	5	12	—	19	—	"
ICI (p)	280	1	2	2	24	5	—	"
ICI (p)	300	6	10	10	8	16	—	"
ICI (p)	330	20	6	25	—	34	—	"
Land Sec. (c)	260	35	—	42	10	50	—	292p
Land Sec. (c)	280	15	77	26	11	35	—	"
Land Sec. (c)	300	3	59	14	79	21	5	"
Land Sec. (c)	330	¼	—	5	—	11	—	"
Land Sec. (p)	300	39	—	44	—	31	—	"
Mks & Sp. (c)	140	29	1	34	10	35	—	168p
Mks & Sp. (c)	160	9	236	16	179	20	11	"
Mks & Sp. (c)	180	1	—	5½	105	8	54	"
Shell (c)	390	18	—	30	3	35	—	406p
Shell (c)	420	2	3	13	3	18	—	"
Shell (c)	460	1	—	4	41	10	30	"
Shell (p)	390	1	—	4	—	10	—	"
		August		**November**		**February**		
Barclays (c)	385	15	7	30	—	—	—	388p
Barclays (c)	390	10	—	25	—	32	—	"
Barclays (p)	360	5	—	11	—	18	—	"
Barclays (p)	390	17	—	22	—	25	—	"
Imperial (c)	80	21½	5	23½	—	—	—	101p
Imperial (c)	90	11½	26	15	—	17	—	"
Imperial (c)	100	3½	40	8	—	11	—	"
Imperial (p)	110	¾	—	3	—	5½	—	"
Lasmo (c)	300	18	—	34	5	53	—	307p
Lasmo (c)	330	5	1	14	2	34	—	"
Lasmo (c)	360	9	—	9	—	—	—	"
Lonrho (c)	60	29	—	30	—	31	—	88p
Lonrho (c)	70	19	16	21	—	24	—	"
Lonrho (c)	80	10	167	13	417	14½	55	"
Lonrho (c)	90	3½	110	8	123	10	20	"
Lonrho (p)	80	1½	10	3	—	—	—	"
Lonrho (p)	90	6	—	9	1	11	—	"
P&O (c)	130	40	3	43	2	—	—	158p
P&O (c)	140	30	35	32	—	—	—	"
P&O (c)	160	20	25	22	49	26	—	"
P&O (c)	180	6	11	12	26	13	—	"
Racal (c)	390	—	—	182	10	—	—	495p
Racal (c)	420	75	—	85	—	90	—	"
Racal (c)	460	40	26	55	8	72	—	"
Racal (c)	500	14	6	28	35	40	—	"
Racal (p)	460	3	—	10	—	16	1	"
Racal (p)	500	15	—	23	—	27	—	"
RTZ (c)	360	60	2	72	—	80	5	419p
RTZ (c)	390	34	2	45	—	55	1	"
RTZ (c)	420	10	3	25	6	32	10	"
RTZ (c)	460	1½	—	12	61	20	10	"
Vaal Rfs. (c)	40	12½	20	15½	—	16	—	$52
Vaal Rfs. (c)	45	7½	5	11	—	—	—	"
Vaal Rfs. (c)	50	3½	15	6½	10	9½	—	"
Vaal Rfs. (c)	55	1½	—	4½	15	6½	—	"
Vaal Rfs. (p)	45	¼	—	2½	—	3	—	"
Vaal Rfs. (p)	50	2½	120	3½	—	5½	—	"
Vaal Rfs. (p)	55	¾	10	2¾	—	—	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	5	69	—	—	12	86	$364.25
GOLD C	$325	65	44	—	—	18	67	"
GOLD C	$350	30	22	61	39	26	52	"
GOLD C	$375	20	9	75	25	1	42	"
GOLD C	$400	60	3.50	94	14	—	—	"
GOLD P	$300	—	—	60	3	8	6	"
GOLD P	$325	12	1.50	3	7 B	25	10	"
GOLD P	$350	20	7.50	21	15	14	19	"
GOLD P	$375	—	—	20	25	—	—	"
GOLD P	$400	—	—	5	39	—	—	"
12¼ NL 81 87-91								
C	F.110	12	3.30	—	—	2	4.10	F.113.20
C	F.112.50	540	1.20	400	2.20	131	2.50	"
C	F.115	—	—	410	1.10	—	—	"
P	F.112.50	140	0.70	—	—	—	—	"
12 NL 81 85-88								
C	F.102.50	1	3.20	—	—	—	—	F.105.70
10¾ NL 80 86-95								
C	F.100	—	—	50	3	25	3.10	F.102
P	F.97.50	—	—	—	—	5	0.70	"
P	F.100	—	—	—	—	5	1.50	"
11¼ NL 82 88-92								
C	F.100	—	—	1	4.10 B	3	4.70	F.103.80
C	F.102.50	100	1.40	—	—	—	—	"
C	F.105	—	—	704	1.30	—	—	"
C	F.107.50	—	—	—	—	610	0.70	"
P	F.105	10	1.80	25	2.30	—	—	"
10 NL 82 86-89								
C	F.100	307	0.60	200	1.70	—	—	F.99.70
C	F.102.50	—	—	5	0.60	—	—	"
P	F100	560	0.80	—	—	5	2.10	"
		Oct.		**Jan.**		**Apr.**		
ABN C	F.280	22	4	—	—	—	—	F.273
ABN C	F.300	—	—	4	2.90	—	—	"
ABN P	F.280	19	16	—	—	—	—	"
AKZO C	F.25	38	1.40	37	2	—	—	F.25
AKZO C	F.27.50	—	—	32	1	—	—	"
AKZO P	F.27.50	10	2.70	—	—	—	—	"
AMRO C	F.45	15	1.70	—	—	6	3.70A	F.44.70
AMRO P	F.45	36	2.80	4	3.90	13	3.70	"
HEIN C	F.55	30	6.40	—	—	—	—	F.60
HEIN C	F.60	5	2.40	5	3.50	—	—	"
HEIN C	F.65	—	—	7	1.30	—	—	"
HEIN P	F.55	10	0.80	—	—	—	—	"
HOOG C	F.17.50	—	—	14	18	—	—	F.15.60
IBM P	$60	—	—	4	07⅛	—	—	$66½
KLM C	F.80	14	9.20	—	—	—	—	F.86
KLM C	F.90	11	3.50	9	6.50	—	—	"
KLM C	F.100	17	1.50	—	—	—	—	"
KLM C	F.110	10	0.70	—	—	—	—	"
KLM P	F.80	123	2.40	21	4	5	4.50	"
KLM P	F.90	66	7.50	—	—	—	—	"
KLM P	F.100	4	14.50	—	—	4	15.50	"
NEDL C	F.110	56	4.50	8	7	—	—	F.109.50
NEDL C	F.120	13	0.90	16	3	—	—	"
NEDL C	F.130	6	0.30	—	—	—	—	"
NEDL C	F.140	20	0.30	—	—	—	—	"
NEDL P	F.110	229	4.80	13	6 A	—	—	"
NEDL P	F.120	37	12	—	—	—	—	"
NATN C	F.120	—	—	5	1.20	—	—	F.116
PHIL C	F.20	—	—	20	4.40	—	—	F.23.90
PHIL C	F.22.50	110	2.10 A	60	2.50	—	—	"
PHIL C	F.25	154	0.70	76	1.20	43	1.50	"
PHIL P	F.20	10	0.10	—	—	—	—	"
PHIL P	F.22.50	38	0.30	—	—	—	—	"
PHIL P	F.25	10	1.40	14	1.60	—	—	"
RD C	F.90	213	2	26	5.40	11	4.60	F.86.20
RD P	F.80	31	1.50	20	2.20	5	2.70	"
RD P	F.90	10	7.30	—	—	—	—	"
UNIL C	F.140	75	16.90	—	—	—	—	F.155
UNIL C	F.160	6	7.50	5	8	—	—	"

TOTAL VOLUME IN CONTRACTS 6899

A=Asked B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT

	Wednesday July 21 1982	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	
Public Deposits	43,246,461	— 11,597,406
Bankers Deposits	604,277,624	+ 105,292,211
Reserve and other Accounts	1,815,476,209	— 124,102,783
	2,477,553,294	— 30,407,978
Assets		
Government Securities	301,898,538	— 328,185,000
Advances & other Accounts	1,375,453,686	+ 178,395,637
Premises Equipment & other Secs.	790,556,231	+ 151,746,344
Notes	8,258,336	— 16,348,586
Coin	352,113	— 17,273
	2,477,553,294	— 30,407,978

ISSUE DEPARTMENT

Liabilities		
Notes issued	11,050,000,000	+ 125,000,000
In Circulation	11,041,761,664	+ 143,348,586
In Banking Department	8,258,336	— 18,348,586
Assets		
Government Debt	11,015,100	
Other Government Securities	2,595,450,538	— 1,385,268,812
Other Securities	8,446,538,374	+ 1,510,268,812
	11,050,000,000	+ 125,000,000

Stock Exchange dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 5.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION AND COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS

COUPONS PAYABLE IN LONDON

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—J—K

[illegible]

L—M

[illegible]

N—O—P

[illegible]

Q—R—S

[illegible]

T—U—V

[illegible]

W—Y—Z

[illegible]

FINANCIAL TRUSTS

[illegible]

Armour Tst. 10¼pcLn 1991-96 £62⅞

B.E.T. Omnibus Services 10pcPf (50p) 28 (20/7)

Birmingham Dist. Inv Tst 5pc2ndPf (£1) 36 (19/7)

Britannia Arrow Hldgs Wts Sub Ord 8 (21/7). 6¼pcPf (£1) 45½ 6 (16/7)

Credit Foncier De France 14¼pcGtdLn 2007 (Reg) £103⅛

Daily Mail Gen Tst (50p) 393. 5pcPf (50p) 17

Elders IXL ($A1) 172 3 (21/7)

Exploration (5p) 35

Findhorn Fin 17¼pcLn 1995 £101 (21/7)

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

MINES—MISCELLANEOUS

[illegible]

M.T.D. (Mangula) (SR1) 19

Minerals Resources Con ($B1.40) 561¼

p 350 5 60 2 5 8 70

North Kalgurli Mines Option to sub for 1 share 8 (19/7)

Northchart Investments (R0.10) 4½ (19/7)

Rio Tinto-Zinc Cpn Accumg (25p) 402 3. 3.325pc A Prf (£1) 36 (21/7). 3.5pc B Prf (£1) (Reg) 36 9¼ (16/7). 6¼pcLn 1985-90 £68½ ¾

MINES—SOUTH AFRICAN

Coronation Syndicate (R0.25) 340 426

Eastern Transvaal Cons (R0.50) 450 74

OIL

[illegible]

PROPERTY

[illegible]

PLANTATIONS

[illegible]

RAILWAYS

[illegible]

SHIPPING

[illegible]

UTILITIES

[illegible]

WATERWORKS

[illegible]

Newcastle and Gateshead 4.9pc £38½ (20/7). 3.5pcPf. £28 (21/7). 4.025pcPf. 1982-84 £87 (16/7). 4pcDb. £24 (21/7). 5pcDb. £30 (20/7)

Portsmouth 3.5pc 27½ 32 (21/7). 7pcDb. 1984-86 £80 (21/7)

South Staffordshire 3.5pc £28 (21/7)

Tendring Hundred 3.5pc £10 320 (21/7). 3.5pcPfd. £10 450 (21/7). 7¼pcDb. 1987-1993 £84½

West Hampshire 3.85pcPf. £(10) £80 (21/7)

Wrexham and East Denb. 4.9pc £43½ (19/7). 9pcPf. £102¼

York Waterworks Pf. £38 (19/7)

UK COMPANY NEWS

Norwest Holst shows improvement to £5.2m

Valuable benefits have been shown from group reorganisations at Norwest Holst Holdings, civil engineer, with a rise of £3.17m in pre-tax profits to £5.21m on turnover lower by £16.66m at £165.19m.

The directors report a rise in shareholders' funds of 45 per cent. Tangible assets have increased by 50 per cent and they say that the secured work-load has improved by 30 per cent.

The company is wholly-owned by Dunham Mount Holdings.

The directors say that losses from Marshall-Andrew, which amounted to more than £6m, have been fully absorbed.

At the trading level profits expanded from £3.77m to £5.47m. Pre-tax profits were struck after reduced exceptional debits of £258,000 (£1.73m). Tax took £19,000 (£844,000).

There were extraordinary credits this time of £1.13m (£1.35m) and attributable profits emerged sharply ahead from £2.54m to £6.3m.

Atlantic Assets Trust declines to £811,000

Decreased pre-tax profits have been shown by Atlantic Assets Trust, falling from £1.05m to £811,000 for the year to June 30, 1982. The directors says this Edinburgh-based company's portfolio has suffered particularly from market disenchantment with the oil and natural resource sectors.

Conversely they say the company's heavy exposure to the dollar has been beneficial and its technology holdings, including its subsidiary Independent Investment Company, have performed relatively well.

A net dividend of 0.3p has been declared compared with an adjusted 0.5p last time, which included a special payment equivalent to 0.25p. A 1-for-20 scrip issue is proposed. Earnings per 25p share were given as 0.4p (0.54p).

Since the year end the company has taken out a $50m loan with the Royal Bank of Scotland. The money raised has been invested in long-term U.S. Treasury bonds to take advantage of the expected decline in U.S. interest rates. During the year the company repaid the Royal Bank $6m.

Pre-tax profits were struck after interest and expenses of £844,000 (£816,000). Tax took £269,000 (£349,000).

Net asset value was shown as 72.01p (81.54p) after deducting prior charges at par.

Celestion still in the red

Celestion Industries managed only a slight reduction in pre-tax losses in the year to April 3 1982, from £1.04m to £931,000, on turnover up from £33.07m to £33.27m. The year's dividend is maintained at 1p per 20p share.

There was an operating loss of £1.04m (£1.14m), comprising losses on the manufacture and distribution of sound reproduction equipment of £1.38m (£1.37m) and a profit on the company's clothing operation of £337,000 (£232,000).

At midway, when reporting a pre-tax loss of £897,000 (£1.16m), the company said the depth of the recession in the UK and North American markets was worse than expected and a trading loss for the year was anticipated.

Dividend from listed investments came to £107,000 (£97,000) and there was a tax credit for the year of £769,000 (£854,000).

RUSH & TOMKINS £8M LOAN

Rush & Tompkins Group, the property, investment and construction organisation, has concluded negotiations with a group of its merchant bankers for a five-year £8m loan facility.

This will be used to refinance part of the group's short-term debt and to provide further funds for the expansion of its property investment and development activities.

Munton Brothers moves ahead

Munton Brothers reports record pre-tax profits of £432,000 for the year ending April 30 1982 compared with £273,000 last year. Turnover rose from £2.79m to £11.43m for this company which is mainly engaged in making shirts for Marks and Spencer.

As forecast, a final net dividend of 1p (1.5p) per 10p share has been declared making a total of 2.5p. No dividend was paid last year by this close company.

The turnover and profit figures include the results of the new subsidiaries Lillygould (16 months) and Munton (Lurgan) for four months. Pre-acquisition profits stood at £89,414.

The directors say that profits for the year have exceeded levels anticipated at the half year. Despite economic conditions, they add, the enlarged marketing and production facilities of the group are enabling it to continue its satisfactory performance.

Tax took more at £132,394 (£96,500). There were extraordinary debits of £71,000 charge last time.

Attributable profits rose from £105,591 to £209,918. Stated earnings per share fell from 3.19p to 2.97p. The earnings per share have been diluted by the issue of 1.54m shares on which only two months profits have been brought into account.

Current cost attributable profits were £188,246 (£73,145).

Wm. Ransom profit ahead

Pre-tax profits of William Ransom and Son, manufacturing chemist, increased from £352,000 to £397,000 in the year ended March 31 1982 on turnover ahead from £3m to £3.45m. At halfway profits were marginally ahead from £154,000 to £158,000.

The dividend is lifted from 5.675p to 6.5p net per 10p share, with a final of 5p.

The year's profit was struck after an allocation to profit-sharing scheme of £10,000 (£18,000). After tax of £141,000 (£154,000) there is a net profit of £256,000 (£306,000 including tax credits of £108,000). Earnings per share are stated at 17.07p (13.2p excluding tax credit).

UNLISTED SECURITIES MARKET

American Home Products £230 ½
Ampol Exp 128 (21/7)
Ampol Petroleum 71
Amsterdam Rotterdam Bank 945 (16/7)
Anglo Utd Development 32
Apex Oil (A$0.25 Pd) 7½ (16/7)
Ashton Mining 44 8 (21/7)
Assoc Manganese Mines SA £3 (20/7)
Atlantic Richfield £23
Australian Cons Minerals 15 ¼ 16
Australian Cons Ind 83 (20/7)
Australian Devpt 150 (19/7)
Australian Foundation 64 (21/7)
Australian Guarantee Cap 123 (19/7)
Aust Motor Inds 1020 2 (19/7)

Jardine Matheson Finance 240 (21/7)
Jardine Matheson 9½pcLn 1984-95 £5 (21/7)
Jasten Resources 15 (21/7)
Kaiser Steel US$17¼ ½ (19/7)
Kerr Addison Mines 575
Kerr McGee US$32¼ (19/7)
Key West Resources 7½ (20/7)
Kulim (Malaysia) 40 1 (20/7)
McCarthy Grp 190 (21/7)
Meridian Oil 9½ (20/7)
Minnesota Mining US$56 (19/7)
Monarch Pets 3½
Moore Corp 500 (16/7)
Mount Carrington 90 110 10
Myer Emporium 72 (19/7)

Westfield Mins 470 (20/7)
Westinghouse Elect £15½ (21/7)
Wheelock Marden B 3¼ (21/7)
Zone Petroleum 1220 30 2 3

Welsh Inds Inv Tst Pfd 75 (20/7)
Yelverton Invs 31 2 3 4 (20/7)

RULE 163 (2) (a)

Applications granted for specific *bargains in securities not listed* on any Stock Exchange.

Arm Street Brewery 320 3 (20/7)
Ayrton Saunders 95 8 (16/7)

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration.

Steaua Romana (British) Dfd (5p) 35

(By permission of the Stock Exchange Council)

MONEY MARKETS

UK clearing bank base lending rate 12 per cent (since July 14)

Money was in very short supply in the London money market yesterday, and the Bank of England gave part of its assistance by way of repurchase agreements for the fourth time this week. *In the morning* the authorities forecast a shortage of £650m, but this was revised to £600m at noon.

Assistance before lunch totalled £362m, with all but £2m by way of repurchase agreements on bills to be resold to the market next Friday, at interest rates of 12$\frac{1}{16}$-12¼ per cent. The £2m bought outright by the Bank of England were bank bills in band 3 (34-63 days) at 11$\frac{15}{16}$ per cent.

In the afternoon the authorities bought a further £298m of bills, making a total for the day of £660m, and most of this help was again through repurchase agreements on bills to be sold back to the market in a week's time. But these £224m of bills attracted an interest rate within a rather narrower range of 12¼-12$\frac{5}{16}$ per cent. The £74m bills bought outright were £12m bank bills in band 1 *(up to 14 days maturity)* at 12$\frac{1}{16}$ per cent; £45m bank bills in band 2 (15-33 days) at 11⅞ per cent; £15m bank bills in band 3 (34-63 days) at 11$\frac{13}{16}$ per cent; and £2m bank bills in band 4 (64-84 days) at 11¾ per cent.

Major factors influencing the market yesterday were: bills maturing in official hands and a net market take-up of Treasury bills −£233m; a pre-weekend rise in the note circulation −£227m; and bank balances carried forward below target −£100m. These were partly offset by Exchequer transactions of +£35m.

Applications were slightly lower for the £100m bills offered at yesterday's Treasury bill tender, falling to £489.485m from £563.76m, but the average rate of discount continued to decline, to 11.2083 per cent from 11.6339 per cent. The minimum accepted *bid of £97.20 was allotted as to* 44 per cent, compared with 60 per cent for bids of £97.095 the previous week. All bills offered were allotted, and next week a further £100m will be on offer, replacing maturities of £100m.

CURRENCIES

The dollar maintained its downward trend in the foreign *exchange market yesterday*, losing ground to all major currencies as Eurodollar rates continued to decline ahead of the weekly money supply figures. Market estimates pointed towards a fall of about $2bn in M1. On Bank of England figures the dollar's trade-weighted index *fell to 118.3 from 119.4, and the* U.S. currency weakened to DM2.3950 from DM2.4340 against the D-mark; to SwFr 2.02 from SwFr 2.0625 against the Swiss franc; to FFr 6.6725 from FFr 6.77 in terms of the French franc; and to Y249 from Y251.80 *against the Japanese yen.*

Sterling's trade-weighted index, according to the Bank of England, was unchanged at 91.0, and stood at 91.0 at noon, after opening at 91.1. The pound opened at $1.7530-1.7540, its lowest level of the day, and traded around $1.7625-1.7650 for *most of the day, before touching* a late peak of $1.7650-1.7660. It closed at $1.7635-1.7645, a rise of 1.75 cents on the day. On the other hand sterling fell to DM 4.2250 from DM 4.2550

THE POUND SPOT AND FORWARD

July 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7530-1.7660	1.7635-1.7645	0.05c pm-0.05 dis	—	0.43-0.53dis	−1.09
Canada	2.2040-2.2160	2.2145-2.2155	0.78-0.88c dis	−4.50	2.17-2.27dis	−4.01
Nethlnd.	4.66½-4.70½	4.68½-4.69½	1½-1c pm	3.20	3¾-3¼ pm	2.98
Belgium	80.50-81.10	80.75-80.85	10-20c dis	−2.23	46-56 dis	−2.52
Denmark	14.66-14.72	14.69-14.70	1½-½ore pm	0.86	4⅞-6⅞ dis	−1.51
Ireland	1.2280-1.2390	1.2300-1.2310	0.37-0.48p dis	−4.19	1.43-1.65dis	−5.01
W. Ger.	4.21½-4.25½	4.22-4.23	1½-⅞pf pm	3.19	3½-2¾ pm	2.84
Portugal	145.25-147.25	145.50-146.00	70-225c dis	−12.14	210-725dis	−12.83
Spain	182.60-193.50	192.90-193.10	85-110c dis	−6.06	365-410dis	−8.03
Italy	2,377-2,389	2,381-2,382	13-15 lire dis	−7.05	46-49 dis	−7.98
Norway	10.96-11.01	10.98½-10.99½	4¾-5⅞ore dis	−5.80	12¾-13¾dis	−4.62
France	11.75½-11.82½	11.76½-11.77½	1½-3½c dis	−2.55	11-13 dis	−4.08
Sweden	10.56-10.61	10.58-10.59	2¾-3⅞ore dis	−3.12	8⅞-8⅞ dis	−3.19
Japan	438-443	439-440	2.10-1.90y pm	5.46	5.10-4.90 pm	4.55
Austria	29.70-29.85	29.80-29.85	11¾-7¾gro pm	3.82	26¼-18½ pm	3.03
Switz.	3.55½-3.60½	3.56-3.57	3-2½c pm	9.26	7½-7 pm	8.13

Belgian rate is for convertible francs. Financial franc 86.10-86.20. Six-month forward dollar 1.50-1.60c dis, 12-month 3.05-3.20c dis.

EXCHANGE CROSS RATES

July 23	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.764	4.225	439.5	11.77	3.565	4.690	2382.	2.215	80.80
U.S. Dollar	0.567	1.	2.395	249.1	6.672	2.021	2.659	1350.	1.256	45.80
Deutschemark	0.237	0.418	1.	104.0	2.786	0.844	1.110	563.7	0.524	19.12
Japanese Yen 1,000	2.275	4.014	9.613	1000.	26.78	8.111	10.67	5419.	5.040	183.8
French Franc 10	0.850	1.499	3.590	373.4	10.	3.029	3.986	2023.	1.882	68.65
Swiss Franc	0.281	0.495	1.185	123.3	3.302	1.	1.316	668.0	0.621	22.66
Dutch Guilder	0.213	0.376	0.901	93.71	2.510	0.760	1.	507.8	0.472	17.23
Italian Lira 1,000	0.420	0.741	1.774	184.5	4.942	1.497	1.969	1000.	0.930	33.93
Canadian Dollar	0.451	0.796	1.907	198.4	5.314	1.609	2.117	1075.	1.	36.48
Belgian Franc 100	1.238	2.183	5.229	543.9	14.57	4.412	5.804	2947.	2.741	100.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅞-13⅛	10⅝-11	18-19	8$\frac{11}{16}$-8$\frac{15}{16}$	1-2	8⅝-8¾	14⅛-15	17-19	13½-15	13¾-14¼	6⅝-6⅝	8¾-10¼
7 day's notice	12⅞-13⅛	11-11¼	17½-18½	8$\frac{11}{16}$-8$\frac{13}{16}$	5¼-5¾	8⅝-8¾	14½-14⅞	18⅝-20	13½-15	14¼-14½	6⅝-6¾	9-10½
Month	12¼-12⅜	11¾-12	16-16¼	8$\frac{11}{16}$-8$\frac{13}{16}$	3⅜-3½	8$\frac{11}{16}$-8$\frac{13}{16}$	14⅝-15	19-19¾	13¾-14¾	14½-14¾	6$\frac{11}{16}$-6$\frac{13}{16}$	11-12½
Three months	11$\frac{15}{16}$-12$\frac{1}{16}$	12⅝-12⅞	16⅝-16⅞	8¾-8⅞	3⅝-3⅞	8¾-8⅞	15⅜-15⅞	19⅞-20½	13¾-14¾	14⅝-14⅞	7⅛-7¼	13$\frac{15}{16}$-14$\frac{3}{16}$
Six months	12$\frac{1}{16}$-12$\frac{3}{16}$	13⅝-13⅞	16-16¼	9-9⅛	5$\frac{1}{16}$-5$\frac{5}{16}$	8$\frac{15}{16}$-9$\frac{1}{16}$	16½-17	20½-21	14⅜-15⅜	14½-14¾	7⅜-7½	15⅝-17⅜
One Year	12⅛-12¼	13⅞-14⅛	16-16¼	9$\frac{1}{16}$-9$\frac{3}{16}$	5$\frac{1}{16}$-5$\frac{5}{16}$	9-9⅛	17¼-17¾	20⅛-21¾	14⅛-15½	14⅜-14⅝	7⅛-7¼	17-18½

SDR linked deposits: one month 10⅞-11⅜ per cent; three months 11½-11⅞ per cent; six months 12$\frac{1}{16}$-12$\frac{7}{16}$ per cent; one year 12¼-12⅝ per cent.
ECU linked deposits: one month 11$\frac{7}{16}$-11$\frac{13}{16}$ per cent; three months 11$\frac{15}{16}$-12$\frac{5}{16}$ per cent; six months 12¼-12⅝ per cent; one year 12$\frac{7}{16}$-12$\frac{13}{16}$ per cent.
Asian $ (closing rates in Singapore): one month 12⅜-12½ per cent; three months 12$\frac{15}{16}$-13$\frac{1}{16}$ per cent; six months 13⅝-13⅞ per cent; one year 14$\frac{1}{16}$-14$\frac{3}{16}$ per cent. Long-term Eurodollar: two years 14⅛-14⅝ per cent; three years 14⅜-14⅞ per cent; four years 14⅝-15 per cent; five years 14⅝-15 per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 11.80-12.00 per cent; three months 12.40-12.50 per cent; six months 13.10-13.20 per cent; one year 13.10-13.30 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 23)

3 months U.S. dollars		6 months U.S. dollars	
bid 12 11/16	offer 12 15/16	bid 13 11/16	offer 13 13/16

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

July 23 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice others seven days fixed. Long-term local authority mortgage rates, nominally three years 13 per cent; four years 13 per cent; five years 13¼ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11¾ per cent; four months trade bills 12½ per cent.
Approximate selling rate for one month Treasury bills 11¼ per cent; two months 11½ per cent; three months 11¼ per cent. Approximate selling rate for one month bank bills 11½ per cent; two months 11½ per cent; three months 11¼ per cent; one month trade bills 12½ per cent; two months 12 per cent; three months 11¾ per cent.
Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from July 1 1982. London and Scottish Clearing Bank Rates for lending 12 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Treasury Bills: Average tender rates of discount 11.2083 per cent. Certificates of Tax Deposit (Series 5) 12¼ per cent from July 21. Deposits withdrawn for cash 10 per cent.

CURRENCY MOVEMENTS

July 23	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.0	−32.0
U.S. dollar	118.3	+10.4
Canadian dollar	87.0	−19.7
Austrian schilling	115.8	+19.4
Belgian franc	95.9	−9.3
Danish kroner	80.4	−14.0
Deutsche mark	120.2	+41.9
Swiss franc	147.8	+99.2
Guilder	112.6	+21.3
French franc	74.4	−18.8
Lira	54.1	−58.6
Yen	133.9	+28.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

OTHER CURRENCIES

July 23	£	$		Note Rates
Argentina Peso	36,560-[illegible]	20,840-[illegible]	Austria	29.70-30.00
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dlr.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	3.7285-3.7385	2.1180-2.1210	Switzerland	3.55-3.59
Sth. African Rand	1.9970-1.9985	1.1320-1.1330	United States	1.75½-1.77½
U.A.E. Dirham	6.4685-6.4780	3.6715-3.6745	Yugoslavia	95-101

† Rate shown for Argentina is commercial. Financial rate: 68,673-68,713 against sterling 38,950-39,000 against dollar. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	8.23400	[illegible]	[illegible]	[illegible]	[illegible]
German D-Mark	2.33379	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	6.61387	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	2.57971	[illegible]	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	1350.27	1324.82	−1.88	−1.88	[illegible]

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

U.K. CONVERTIBLE STOCK 24/7/82

Statistics provided by *DATASTREAM International*

Name and description	Size (£m)	Current price	Terms*	Conversion dates⊕	Flat yield	Red yield	Premium† Current	Premium† Range‡	Income Equ§	Income Conv¶	Income Div♡	Cheap(+) Dear(−)◇ Current
British Land 12pc Cv 2002	9.60	277.50	333.3	80-97	4.4	1.7	−2.1	−4 to 4	32.6	86.3	19.0	+21.0
Hanson Trust 9½pc Cv 01-06	81.54	124.25	71.4	85-01	8.1	7.6	2.3	1 to 14	83.6	76.1	−6.2	−8.5
Slough Estates 10pc Cv 87-90	5.03	213.50	234.4	78-83	4.7		−8.0	−9 to 1	11.4	4.8	−2.9	+5.1
Slough Estates 8pc Cv 91-94	24.88	99.00	97.5	80-88	8.1	8.2	2.6	3 to 15	27.2	32.0	5.1	+2.5

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness. ⊕ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

LONDON STOCK EXCHANGE

Confidence about interest rates remains strong

Gilts end week at highest since autumn of 1979

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 5	July 15	July 16	July 26
July 19	July 29	July 30	Aug 9
Aug 2	Aug 12	Aug 13	Aug 23

"* New-time" dealings may take place from 9.30 am two business days earlier.

Confidence remained high yesterday that the international trend towards lower interest rates would continue and London stock markets finished the first leg of the trading Account in strong fashion.

The FT-Actuaries All-share index rose 1.6 per cent to a record high of 341.71. But Gilt-edged stocks were more impressive with renewed sizable investment support lifting quotations, as measured by the FT Government Securities index, to their highest since the autumn of 1979.

In order to meet demand, the authorities sold quantities of the two £300m tranches of existing stocks made available to the market for the first time yesterday. After some initial confusion, early buying orders at 92½ for the shorter of the two issues, Treasury 11½ per cent 1989, were scaled down by 50 per cent with the Government broker wanting a higher price, around 92¾, for further supplies. This cooled enthusiasm to an extent, but both short and longer-dated Gilts established fresh gains ranging to ⅞, helped by lower period rates in money markets, a lower Treasury bill rate and the prospect of another round of clearing bank base rate cuts. Illustrating the strength, the FT Government Securities index rose 0.20 to 72.66, a rise of over 4 points, nearly 6 per cent, in the past four weeks to its highest since October 1 1979.

The recent persistent strength of the funds encouraged a welcome increase in equity trade, although buying interest still tended to be specialised. Merchant Banks, for example, attracted considerable attention, albeit mainly speculative, following Midland Bank's deal with Aetna Life and Casualty.

Merchant Banks strong

Building shares and Properties also fared well, being obvious beneficiaries of cheaper money. Leading equities were frequently several pence higher and maintained the firmness despite Wall Street showing renewed indecision early yesterday. Despite marked weakness in constituent **John Brown**, down 7 at 48½p, the FT Industrial Ordinary share index gained five points for a week's rise of 21.5 to 578.2.

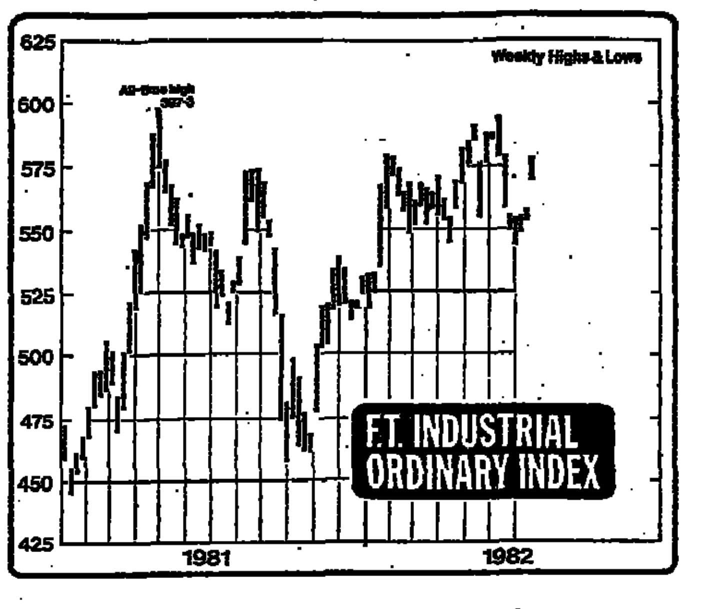
The latest newcomer to the "bulldog" list, Australia 13½ per cent 2010, made a successful debut. Stock of the £100m issued was quoted in £20-paid form and finally established a premium of 1⅛, at 21⅛, after 21⅜. Elsewhere, renewed investment demand took Zimbabwe Settlement Annuities up 8 points more to £380.

The £66m acquisition by Aetna Life and Casualty of the U.S. of a 40 per cent interest in Midland's merchant bank subsidiary Samuel Montagu sparked off a wave of speculative buying in other merchant bank issues on overseas bid hopes. **Schroders** advanced 25 to 440p, after 453p, while improvements of 14 and 16 respectively were seen in **Mercury Securities**, 204p, and **Kleinwort Benson**, 228p. **Brown Shipley** gained 10 to 220p and **Hill Samuel** rose 9 to 160p as did **Hambros Trust**, to 102p. **Hambros** appreciated 8 to 110p, after 115p, and **Guinness Peat** put on 4 to 46p, after 45p. Lloyds got the clearing bank interim dividend season off to a highly satisfactory start, reporting first-half profits at the top end of market estimates; the shares closed 5 higher at 400p. Barclays rose 6 in sympathy to 388p and NatWest hardened 2 to 440p. Midland, however, still unsettled by adverse comment about its Thomas Cook subsidiary, cheapened 3 to 332p, after 330p; the interim results are scheduled for next Friday.

Continuing to draw strength from recent Press comment, **Royals** firmed 13 more to 375p; the interim results are due next month.

A rising market throughout the week, Breweries attracted renewed institutional support and closed with further good gains. **Bass** were outstanding and advanced 7 for a rise on the week of 18 at 236p. **Grand Metropolitan** firmed 5 to 253p, while **Whitbread** improved a couple of pence to 123p. Regionals mirrored the leaders and **Vaux** rose 4 to 164p, as did **Young A**, at 232p. Wines and Spirits also closed at the day's best with **Distillers** 3 up at 196p and **Arthur Bell** 2 dearer at 186p. Still buoyed by the excellent results, **H. P. Bulmer** encountered revival support and, in a restricted market, rose 15 to record a gain on the week of around 72 at 545.

Still benefiting from the prospect of lower interest rates, buying activity revived in the Building sector. Stock shortage accentuated some of the day's gains, with **Tarmac** outstanding at 320p, up 16. Rises of 10 were common to **Blue Circle**, 482p, **Newarthill**, 480p and **BPB**, 450p. Renewed support lifted **Crouch Group** 8 further to 85p and **RMC** closed similarly dearer at 263p. **Bryant**, 112p, and **Mowlem**, 199p, firmed 4 apiece, while House-builders were featured by continued demand for **Barratt Developments**, which gained 6 more to 294p making a rise of 24 on the week. **Y. J. Lovell** rallied 2 to 140p after the previous day's fall of 10 on the disappointing preliminary figures.



Widespread gains were recorded in the Chemical sector. **ICI** remained relatively quiet, but improved 8 to 312p awaiting next Thursday's interim statement. Recent good preliminary figures continued to bolster **Allied Colloids**, which gained 6 further to 269p. **Coalite** gained 5 to 129p while **Wm Ransom** put on 10 to 250p.

Stores gain ground

Leading Stores finished the first leg of the Account on a bright note with dealers reporting a much improved turnover. **Marks and Spencer** were briskly traded and rose 5 to 169p, while **Burton** firmed 3 to a 1982 high of 200p. **Gussies A** advanced 7 for a gain on the week of 27 to 505p. Electrical retailers continued to make progress under the lead of **Currys**, 10 dearer at 168p. **Comet Radiovision** firmed 4 more to 123p, while **Dixons Photographic**, preliminary figures due next Thursday, added 3 at 175p. Elsewhere, **Harris Queensway**, 184p, and **Cornell Dresses**, 170p, both rose around 7. **Andre De Brett**, dealt in the Unlisted Securities Market, hardened a penny to 61p following the annual results.

Leading Electricals figured prominently in the general market advance. Press comment helped **Plessey** to advance 10 further to 527p, after 528p, while **Racal** closed a similar amount dearer at 495p and **BICC** rose 15 to 318p. **Thorn EMI** gained 8 to 425p and **GEC** moved up ⅛ to a peak £11. Elsewhere, **Sound Diffusion** improved 6 to 120p on reports of a chart "buy" signal, while **Eurotherm** put on 9 more to 472p. **Ferranti** gained 10 to 858p.

Company trading statements provided the main source of interest in the Engineering sector, with **John Brown** showing marked weakness at 48½p, down 7, after the interim results and the accompanying profits warning. The passing of the half-yearly dividend and interim pre-tax loss prompted a fall of 14 to 28p in **Birmingham Pallet**, while **Brooke Tool** closed 3 off at 10p on the passing of the interim dividend and the warning of "substantial" current-year losses. **Bullough**, in contrast, continued to reflect satisfactory half-year results and put on 10 more to 215p. Occasional movements elsewhere included **Brasway**, which edged up 4 to 82p, and **Westland**, a couple of pence firmer at 130p.

Foods continued to respond to steady support and closed with useful gains across the board. Among retailers, **Tesco** rose 2 more to 79p, while **Argyll** firmed 4 to 83p. **Associated Dairies**, 136p, and **Nurdin and Peacock**, 154p, gained 6 apiece and **William Morrison** closed 4 up at 140p.

Unilever up

Miscellaneous industrial leaders ended the week on a firm note. Renewed investment buying on lower interest rate hopes again encouraged the move to higher levels with **Unilever** notable for a rise of 20 to 640p. Still awaiting the Board's reply to recent Italian criticism of the group's Zantac anti-ulcer drug, **Glaxo** improved 5 to 748p, after 750p. **Beecham** rose 6 for a week's gain of 14 to a 1982 peak of 304p. **Reed International** improved 6 to 314p and **Boots**, still on the chairman's encouraging AGM statement, put on 4 more to 237p. Against the trend, **Metal Box** shed 4 to 154p on further consideration of the chairman's pessimistic AGM remarks.

Dom advanced 6 to 78p in response to the better-than-expected annual figures, while **Aaronson Bros.** firmed 3 to 33p helped by Press comment. Renewed support ahead of the interim results scheduled for August 4 left **J. Bibby** up 10 further to 295p, while **Sangers** gained 3 to 35p on revived speculative support. **United Gas Industries** hardened a penny to 136p to stand a penny above the increased cash bid from Hanson Trust. **Broken Hill Proprietary** lost 10 to 412p following the lower profits. Dealings in **Viners** were suspended at 1p prior to the announcement that a receiver had been appointed.

Motor and aircraft component manufacturers were quietly irregular. **Dowty**, 154p, and **Flight Refuelling**, 193p, added 4 and 6 respectively, while **Supra** firmed 3 to 38p. In contrast, **Jonas Woodhead** came under renewed pressure and eased 2 more to 18p, as did **Automotive Products**, to 31p.

Buying in anticipation of further base lending rate cuts next week helped Properties to close the week strongly. **Land Securities** rose 9 to 292p and **MEPC** 6 to 191p. **Great Portland Estates** also firmed 6, to 164p. **Haslemere Estates** closed 12 to the good at 366p and **Hammerson A** appreciated 15 to 570p. **Lynton** improved 10 to 190p and **Property Partnerships** 7 to 217p.

Oils edge higher

Quiet conditions persisted in the Oil market, but underlying sentiment was helped by reports that the Government have agreed to talks with the industry on the alleged levels of penal taxation. **British Petroleum** edged up 6 to 276p, while **Shell** firmed 4 to 404p. **Ultramar** closed 8 dearer at 405p and **Tricentrol** 6 up at 136p. Partly reflecting overnight weakness, **Candecca** closed 10 cheaper at 205p, while **Atlantic Resources**, down a similar amount at 155p, were also dull in exploration issues.

A buoyant and active market of late on reports of strong U.S. buying and takeover speculation, **Lonrho** succumbed to profit-taking and fell to 86p before closing 4 off on balance at 88p. Elsewhere in Overseas Traders, **Gill and Duffus** rose 6 to 120p and **Inchcape** firmed 5 to 295p.

Aitken Hume, a good market earlier in the week in response to sharply higher profits, gave up 12 to 166p. Elsewhere in Financial Trusts, **S. Pearson** improved 8 to 268p and **Exco International** hardened 4 to 208p.

P. and O. Deferred were relatively lively again in Shippings and closed 4 to the good at 158p, while **British and Commonwealth**, still benefiting from recent Press comment, hardened a couple of pence to a new peak for the year of 500p.

Textiles lacked a decided trend. **Allied** touched 184p before reverting to the overnight level of 182p following the interim statement. **Nottingham Manufacturing**, first-half figures expected in the next Account, firmed a couple of pence to 190p. **Sirdar** attracted revived speculative support and added 5 for a two-day gain of 14 to 136p. **Harold Ingram** eased 2 to 17p following the increased annual loss.

A strong recovery by the bullion price, after Thursday's $13.5 reaction, encouraged renewed demand for South African Golds which closed a good week in fine form.

The generally satisfactory dividends from Vaal Reefs, Southvaal, Western Deep and South African Land coupled with the final batch of quarterly reports, those of the gold mines in the Anglo American group, led to a sharp mark-up at the outset.

Subsequent buying from London, Johannesburg and the Continent led to further gains although prices eased back in afterhours trading following American profit-taking.

Bullion closed a net $11.25 up at $363.75 an ounce—$18.75 higher over the week while the Gold Mines index recouped 4.6 to 252.8 extending the gain on the week to 27.8.

Among heavyweights, the dividend declarers attracted widespread support with **Vaal Reefs** and **Southvaal** up around ¾ apiece at £29½ and £16½ respectively, while **Western Deep** moved up ½ to £14.

Outstanding in the marginals were **Durban Deep**, 49 firmer at a year's high of 908p, and **South African Land**, 13 to the good at a 1982 high of 213p, the latter on the good dividend.

Financials performed well all week. **Anglo American Corporation** were a feature, yesterday's 20 gain to 570p leaving the shares 78 higher over the five-day period.

Another surge by copper prices in London and New York led to sizeable demand for **Rio Tinto-Zinc** which rose 10 to 420p—up 28 on the week—while the performance of bullion in recent days prompted similar interest in **Gold Fields**, 15 firmer at 412p. **Charter** edged up 3 to 198p, after 200p.

Australians were generally quietly firmer, with Golds featured by **Poseidon**, another 5 to the good at 116p. **Bougainville** rose a like amount to 78p.

Platinums returned to favour following the continued strength of free market platinum prices. **Impala** were particularly sought and advanced 22 to 240p, **Rustenburg** put on 8 to 170p and **Lydenburg** edged up 4 to 122p.

The downturn in Tin prices on the London Metal Exchange unsettled Malaysian Tins among which falls of 10 were common to **Sungei Besi**, 140p, and **Tronoh**, 155p. **Ayer Hitam** dipped 5 to 145p.

The strength of the London equity market prompted another active session in Traded Options in which 3,892 contracts were done, boosting the weeks daily average to 2,654—the highest for some considerable time. Business was well-distributed among those in issue with substantial money again directed towards Lonrho positions which attracted 923 calls, 417 in the November 80's. Marks and Spencer were also exceptionally active and recorded 627 calls with 238 struck in the expiring July 160s. British Petroleum and Commercial Union attracted 275 and 231 calls respectively; the latter announces interim results early next month. Puts remained relatively subdued with 356 contracts done, 157 of which were struck in Vaal Reefs.

FINANCIAL TIMES STOCK INDICES

	July 23	July 22	July 21	July 20	July 19	July 16	A year ago
Government Secs.	72.66	72.46	72.31	72.36	71.98	71.19	[illegible]
Fixed Interest	73.90	72.82	72.78	72.57	71.98	71.61	[illegible]
Industrial Ord.	578.2	573.2	573.2	572.2	568.5	566.7	[illegible]
Gold Mines	252.8	248.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earnings, Yld.% (full)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net) (*)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total bargains	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover £m.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

10 am 577.1, 11 am 577.1, Noon 577.5, 1 pm 577.9, 2 pm 577.7, 3 pm 577.8.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=10.12.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.66	61.69	127.4	49.18
Fixed Int.	73.90	62.79	150.4	50.53
Ind. Ord.	594.0	518.1	597.3	49.4
Gold Mines	302.0	181.2	558.9	43.5

S.E. ACTIVITY

	July 22	July 21
—Daily Gilt Edged Bargains	[illegible]	[illegible]
Equities Bargains	[illegible]	[illegible]
Value	[illegible]	[illegible]
5-day Average Gilt Edged Bargains	[illegible]	[illegible]
Equities Bargains	[illegible]	[illegible]
Value	[illegible]	[illegible]

LEADERS AND LAGGARDS

Percentage changes since December 31, 1981, based on Thursday, July 22, 1982

Health and H'sehold Products	+45.32
Tobaccos	+31.94
Electricals	+28.22
Brewers and Distillers	+26.13
Insurance Brokers	+23.76
Food Retailing	+20.37
Stores	+19.21
Consumer Group	+18.87
Industrial Group	+16.57
Capital Goods	+15.64
Contracting, Construction	+12.08
Chemicals	+12.00
Shipping and Transport	+11.47
Building Materials	+11.41
500-Share Index	+11.10
Other Groups	+11.04
Packaging and Paper	+8.70
Insurance (Life)	+8.27
Other Consumer	+7.89
All-Share Index	+7.65
Textiles	+7.19
Newspapers, Publishing	[illegible]
Insurance (Composite)	[illegible]
Food Manufacturing	[illegible]
Investment Trusts	[illegible]
Mechanical Engineering	[illegible]
Discount Houses	[illegible]
Engineering Contractors	[illegible]
Financial Group	[illegible]
Other Industrial Materials	[illegible]
Oils	[illegible]
Banks	[illegible]
Overseas Traders	[illegible]
Property	[illegible]
Motors	[illegible]
Metals and Metal Forming	[illegible]
Mining Finance	[illegible]
Merchant Banks	[illegible]
Office Equipment	[illegible]
Gold Mines Index	[illegible]

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 26	Aug 6	Oct 28	Nov 8
Aug 9	Aug 20	Nov 11	Nov 22
Aug 23	Sept 3	Nov 25	Dec 6

For rate indications see end of Share Information Service

Demand for Options improved and calls were arranged in Stewart Wrightson, ICL, Cope Allman, Weir, American Oilfields, Lasmo, Whittington Estates, Aaronson, Lonrho, Premier Oil, Smith St Aubyn, Trident TV "A", Marshall's Universal, Berkeley Hambro, Sketchley, Universal, Newall, First National Finance and George Wimpey. Puts were done in Free State Geduld and De Beers Deferred, while a double was transacted in First National Finance.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same	Rises	Falls	Same
British Funds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financial and Properties	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Others	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals	807	236	1,409	[illegible]	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (147)

NEW LOWS (46)

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri July 23 1982 Index No.	Day's Change %
1 CAPITAL GOODS (209)	413.17	+1.9
2 Building Materials (23)	343.98	+2.3
3 Contracting, Construction (28)	608.11	+1.5
4 Electricals (31)	1657.15	+2.8
5 Engineering Contractors (11)	484.29	+0.1
6 Mechanical Engineering (67)	200.97	+1.3
8 Metals and Metal Forming (11)	151.24	+1.3
9 Motors (20)	84.08	-0.3
10 Other Industrial Materials (18)	355.12	+1.0
21 CONSUMER GROUP (202)	325.14	+1.6
22 Brewers and Distillers (22)	349.60	+1.7
25 Food Manufacturing (22)	281.24	+2.0
26 Food Retailing (14)	676.10	+1.9
27 Health and Household Products (9)	509.60	+1.4
29 Leisure (23)	422.73	+1.1
32 Newspapers, Publishing (13)	508.70	—
33 Packaging and Paper (14)	145.42	+0.8
34 Stores (45)	292.27	+2.6
35 Textiles (25)	167.78	—
36 Tobaccos (3)	347.00	+0.9
39 Other Consumer (14)	271.23	+1.4
41 OTHER GROUPS (76)	251.49	+1.3
42 Chemicals (15)	345.50	+2.3
44 Office Equipment (4)	99.58	-0.1
45 Shipping and Transport (13)	583.18	+0.7
46 Miscellaneous (44)	342.68	+1.0
49 INDUSTRIAL GROUP (487)	346.30	+1.7
51 Oils (13)	684.08	+1.7
59 500 SHARE INDEX	373.80	+1.7
61 FINANCIAL GROUP (117)	254.32	+1.5
62 Banks (6)	272.46	+4.0
63 Discount Houses (9)	254.46	+0.3
65 Insurance (Life) (9)	274.72	+0.7
66 Insurance (Composite) (10)	164.95	+1.7
67 Insurance Brokers (7)	534.10	-0.4
68 Merchant Banks (12)	138.67	+5.6
69 Property (49)	425.49	+2.6
70 Other Financial (15)	172.85	+0.5
71 Investment Trusts (111)	299.79	+1.1
81 Mining Finance (4)	209.63	+2.8
91 Overseas Traders (18)	370.31	—
99 ALL-SHARE INDEX (750)	341.71	+1.6

FIXED INTEREST

PRICE INDICES	Fri July 23	Day's change %	Thur July 22	xd adj. today	xd adj. 1982 to date
British Government					
1 5 years	114.84	+0.48	114.34	—	6.92
2 5-15 years	117.06	+0.53	116.44	—	8.34
3 Over 15 years	121.82	+0.42	121.29	—	7.64
4 Irredeemables	125.94	+0.40	125.34	—	7.27
5 All Stocks	117.56	+0.46	117.02	—	7.66
6 Debentures & Loans	92.58	+0.61	92.02	—	6.46
7 Preference	67.15	+0.10	67.03	—	3.79

AVERAGE GROSS REDEMPTION YIELDS	Fri July 23	Thur July 22	Year ago (approx.)	1982 Highs	1982 Lows
British Government					
1 Low Coupons 5 years	11.01	10.25	12.58	[illegible]	[illegible]
2 Low Coupons 15 years	11.99	12.01	13.38	[illegible]	[illegible]
3 Low Coupons 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Medium Coupons 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Medium Coupons 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 High Coupons 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 High Coupons 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11 Debs & Loans 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12 Debs & Loans 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13 Debs & Loans 25 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Other Industrial Materials	31/12/80	287.41	Other Financial	31/12/70	128.06
Other Consumer	31/12/80	238.14	Food Manufacturing	29/12/67	114.13
Health/Household Prods.	30/12/77	261.77	Food Retailing	29/12/67	114.13
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67
Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Engineering Contractors	31/12/71	153.84	All Other	10/4/62	100.00
Mechanical Engineering	31/12/71	153.84	British Government	31/12/75	100.00
Office Equipment	16/1/70	128.20	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72

† Flat yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
BICC	318	+15	Marks and Spencer	169	+5
Bass	236	+7	Plessey	527	+10
Brown (J.)	48½	-7	RTZ	420	+10
Impala Plat.	240	+22	Schroders	440	+25
Kleinwort Benson	228	+16	Tarmac	320	+16
Lonrho	88	-4	Vaal Reefs	[illegible]	[illegible]

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

[illegible]				
Property Fund	229.9	241.8	....	—
Equity Fund	50.9	53.4	....	—
Property Acc.	268.1	282.3	....	—
Equity Acc.	50.5	53.2	....	—
Selective Fund	237.5	250.5	....	—
Money Fund	167.7	176.6	....	—
Convertible Fund	180.2	189.7	....	—
Prop. Fd. Ser. 4	211.2	222.4	....	—
Equity Ser. 4	52.7	55.7	....	—
Man. Ser. 4	203.2	213.9	....	—
Money Ser. 4	152.5	160.4	....	—
Conv. Ser. 4	152.4	160.5	....	—
Fixed Int. Fd. Ser. 4	122.4	128.9	....	—
American Ser. 4	111.4	117.3	....	—
High Inc. Ser. 4	107.8	114.1	....	—
Indexed Inv. Series 4	97.7	102.4	....	—
Pension Property	320.2	337.1	....	—
Pension Equity	295.2	310.8	....	—
Pension Selective	152.2	160.3	....	—
Pension Managed	303.4	319.4	....	—
Pension Security	224.8	236.7	....	—
Pension Fixed Int.	119.7	126.0	....	—
Pension Indexed Int.	97.4	102.6	....	—

Crown Life—Continued

St. George Mangd. Fd.	110.7	116.5	....	—
Lincs & Gen. Fd.	114.6	120.6	....	—
Sage Fd.	85.5	90.0	....	—
Heritage Fd.	99.3	104.5	....	—
DBS Managed	104.2	109.6	....	—
Crown. Brit. Inv. A		227.2	....	—
Pens. Mixed. Fd.	151.9	157.4	....	—
Pens. Mang'd. Acc.	113.2	119.1	....	—
Pens. Mang'd. Init.	108.8	114.7	....	—
Pens. Equity Acc.	102.3	107.6	....	—
Pens. Equity Init.	98.2	103.3	....	—
Pens. Fxd. Int. Acc.	110.9	116.7	....	—
Pens. Fxd. Int. Init.	106.8	112.4	....	—
Pens. Money Acc.	109.8	115.5	....	—
Pens. Money Init.	105.5	111.0	....	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

Growth Prop July 6	101.1	111.2	....	—
Managed Pens. June 14	112.60	126.47	....	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	82.8	85.9	+1.5	5.79

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	194.5	204.7	+3.2	—
Higher Inc. Fund	124.3	130.8	+1.6	—
Property Fund	192.5	202.6	....	—
Fixed Interest Fund	148.2	156.0	+0.7	—
Index Linked Secs Fd.	93.6	98.5	....	—
Gtd. Deposit Fund	136.6	143.8	....	—
Nth. America Fund	106.0	111.5	−0.8	—
Far East Fund	82.9	87.2	+0.4	—
International Fund	98.4	103.5	+0.2	—
Mixed Fund	171.5	180.5	+1.2	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	325.0	342.0	−0.9	—
Fixed Int. Acc.	203.0	213.6	+0.5	—
Gtd. Money Fd. Ac.	157.3	165.7	....	—
Intl. Man. Fd. Acm.	141.4	148.8	....	—
Ind. Fxd. Int. Fd.	110.2	115.9	+0.5	—
Prop. Fd. Acc.	158.9	178.2	....	—
M'ple Inv. Acc.	253.1	266.4	−0.3	—
Equity Pen. Fd. Acc.	447.9	471.4	−1.5	—
Fixed I. Pen. Acc.	331.3	348.7	+1.2	—
G'td. Mon. Pen. Acc.	219.2	230.7	+0.1	—
Intl. Mn. PnFdAcc.	162.9	171.5	....	—
Prop. Pen. Acc.	211.4	222.5	+0.1	—
M'ple Inv. Pen. Acc.	368.7	388.1	−0.1	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	186.2	195.9	....	—
Ind. Pen. Property	145.6	153.3	....	—
Ind. Pen. Fixed Int.	140.5	148.3	....	—
Ind. Pen. Index Lk. Secs.	102.8	108.2	....	—

OFFSHORE AND OVERSEAS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	Exch. 9¼pc 1982	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Exch. 8¼pc 1983	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Exch. 3pc 1983	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Treasury 12pc 1983‡‡	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Treasury 9½pc '83	[illegible]	[illegible]	[illegible]	[illegible]
102	96¾	Exch. 13½pc '83	102	+¼	13.24	11.71
99⅛	91⅞	Exch. 10pc 1983	99⅛	+⅛	10.09	10.65
95¾	87⅞	Funding 5½pc '82-84‡‡	95¾	+¼	5.74	8.70
100⅝	91⅞	Exch. 11¼pc 1984	100¼xd	+⅜	11.21	10.99
103⅞	96¼	Exchequer 14pc 1984	103⅜	+¼	13.54	11.82
90¼	81⅛	Exch. 3pc 1984	90¼	+½	3.32	8.80
100⅝	91½	Treasury 12pc 1984	100⅝	+⅜	11.93	11.68
106⅛	96¼	Treasury 15pc 1985	106⅛xd	+⅜	14.14	12.17
100⅛	89½	Exch. 12pc Cnv. '85	100⅛	+⅛	11.99	11.91
85⅝	73½	Treasury 3pc 1985	85⅝	+¾	3.50	8.87
99	87½	Treasury 11½pc 1985	99	+⅜	11.62	11.98
100½	88⅝	Exch. 12¼pc 1985	100½	+⅜	12.19	12.01
99½	86⅛	Exch. 11¾pc '86	99½xd	+⅜	11.81	12.00
81¾	69	Treasury 3pc 1986	81¾	+½	3.67	8.76
100⅛	86¼	Treasury 12pc '86	100⅛	+½	11.99	11.98
92¾	80⅝	Treasury 8¾pc '84-86‡‡	92¾	+½	9.16	10.80
101⅛	96¾	Treas. 12¾pc '86 Cnv.	101⅛	+½	12.11	11.85
105¾	91⅞	Exch. 14pc 1986	105¾	+½	13.24	12.20
103⅞	90	Exch. 13¼pc 1987	103⅝	+½	12.79	12.16
86	73⅞	Funding 6½pc '85-87‡‡	86	+½	7.56	10.28
77⅝	64½	Treasury 3pc 1987	77⅝	+⅝	3.86	8.64

Five to Fifteen Years

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101¼	85⅞	Treas. 12pc 1987	101¼	+⅜	12.18	12.36
87¼	72½	Treasury 7¾pc '85-88‡‡	87¼xd	+¼	8.88	10.91
73	60⅛	Transport 3pc '78-88	73	+¼	4.12	9.02
96⅛	79⅞	Treasury 11½pc 1989	93½xd	+½	12.24	12.85
73¾	62½	Treasury 5pc '86-89	73¾	+¼	6.91	10.54
101½	85⅞	Treasury 13pc 1990‡‡	100⅞	+⅜	12.94	12.88
101⅝	85⅝	Exch. 12½pc 1990	101⅛	+¼	12.85	13.05
83¼	70⅛	Treasury 8¼pc '87-90‡‡	83¼	+½	10.02	11.74
93⅞	77⅞	Treasury 11¾pc 1991	93⅞	+⅝	12.59	13.06
70¾	59¾	Funding 5¾pc '87-91‡‡	70¾	+⅜	8.34	11.48
92	76¾	Exch. 11pc 1991	92	+⅝	12.32	13.02
99½	81⅞	Treasury 12¾pc '92‡‡	98⅝xd	+⅝	12.95	13.02
86¼	70	Treasury 10pc 1992	84½xd	+½	11.79	12.79
97¾	80⅞	Exch. 12¼pc '92	94½xd	+½	12.83	13.08
106⅛	88⅝	Exchequer 13½pc '92	106⅛	+⅝	13.31	13.28
97¾	80⅝	Treasury 12½pc '93‡‡	97⅛	+⅝	12.92	13.07
66⅞	56¾	Funding 6pc 1993‡‡	66⅞	+¼	9.24	11.78
105½	88	Treasury 13¾pc 1993‡‡	105½	+½	13.34	13.19
113¾	91⅝	Treasury 14½pc '94‡‡	113¾	+⅜	13.50	13.22
104⅝	86¾	Exchequer 13½pc 1994	104⅝	+⅝	13.33	13.27
98¾	80⅛	Exch. 12½pc 1994	95½xd	+½	12.96	13.11
80⅛	66¾	Treasury 9pc '94‡‡	80⅛	+⅜	11.48	12.46
94¾	76½	Treasury 12pc '95	93¼xd	+½	12.87	13.11
48¾	42⅝	Gas 3pc '90/95	48¾	+¼	6.24	10.47
84¾	68½	Exch. 10¼pc 1995	83⅞	+⅜	12.24	12.85
100⅞	83¾	Treasury 12¾pc '95‡‡	100⅝	+⅜	13.00	13.03
106⅝	86¼	Treas. 14pc '96	104¾xd	+⅜	13.38	13.24
80½	66⅝	Treasury 9pc '92/96‡‡	80½	......	11.65	12.52
116⅛	96	Treasury 15¼pc '96‡‡	116⅛	+½	13.54	13.20
104⅞	86	Exchequer 13¼pc '96‡‡	104⅞	+⅜	13.05	12.99
47	43⅝	Redemption 3pc 1986-96	47	+¼	6.51	10.32
103½	83½	Treasury 13¼pc '97‡‡	102xd	+⅜	13.01	12.95
87⅞	69⅝	Exchequer 10½pc 1997	84⅞xd	+½	12.26	12.68

Over Fifteen Years

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
78⅝	64	Treasury 8¾pc 1997‡‡	78⅝	+⅛	11.65	12.43
115¾	94¼	Exch. 15pc 1997	115¾	+½	13.43	13.20
65⅞	54½	Treasury 6¾pc '95-98‡‡	65⅛	+¼	10.62	11.83
120¼	99½	Treas. 15½pc '98‡‡	120¼	+½	13.45	13.17
96⅜	78¼	Exch. 12pc 1998	96⅜	+⅜	12.74	12.84
80⅝	66	Treasury 9½pc 1999‡‡	79¾	+¼	11.96	12.46
99¾	81¼	Exch. 12¼pc 1999	99¼	+⅜	12.81	12.86
87¼	71⅛	Treasury 10½pc 1999	87¼	+⅝	12.31	12.62
102¾	82¼	Treas. 13pc 2000	101⅝	+⅜	12.85	12.82
108¾	89	Treas. 14pc '98-01	108¾	+½	13.19	13.04
96¼	76½	Exch. 12pc '99-02	94¼xd	+¼	12.68	12.71
107¾	85⅞	Treas. 13¾pc 2000-03	105⅝xd	+⅝	13.82	12.94
96¼	78¼	Treasury 11½pc '01-04	96¼	+¼	12.47	12.55
38¼	33¼	Funding 3½pc '99-04	38¼	+¼	9.18	11.04
101¼	81⅝	Treasury 12½pc '03-05	101¼	+⅜	12.63	12.61
71½	59¾	Treasury 8pc '02-06‡‡	71½	+⅜	11.59	11.93
95⅝	75⅞	Treasury 11¾pc 03-07	94½xd	+½	12.50	12.53
110¼	90	Treas. 13½pc '04-08	110¼	+⅜	12.77	12.70
52¼	44¼	Treasury 5½pc '08-12‡‡	52¼	+¼	10.96	11.36
67⅛	55⅝	Treasury 7¾pc '12-15‡‡	66¾xd	+¼	11.61	11.75
99¾	81¼	Exch. 12pc '13-'17	99¾	+½	12.21	12.20

Undated

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
33	27⅛	Consols 4pc	32⅞xd	+⅛	12.14	—
30⅛	26¾	War Loan 3½pc‡‡	30⅛	+¼	10.37	—
34⅞	31½	Conv. 3½pc '61 Aft.	34⅞	+⅛	11.73	—
30	21	Treasury 3pc 66 Aft.	24¼	+⅛	12.59	—
21	17¼	Consols 2½pc	21	......	11.99	—
21⅛	17⅝	Treasury 2½pc	21⅛	+⅛	12.30	—

Index-Linked & Variable Rate

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100⅛	99⅜	Treas. Variable '83	99⅞	−⅛	12.15	12.19
98	95	Do. 2pc I.L. '88	97⅞	......	2.05	2.89
106	93	Do. 2pc I.L. '96	99⅞	......	2.32	3.09
101½	86⅛	Do. 2pc I.L. '06	93⅛	......	2.38	2.90
104	90	Do. 2½pc I.L. 2011	94⅞xd	......	2.65	2.89

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
102	92¾	Finland 14½pc Ln 1986	102	+½	14.22	13.77
100½	90¼	Int. Bank 13½pc 1986	100½xd	+¼	13.43	13.30
101¾	97	Do. 14pcLn 1987	101¼	+⅜	13.76	13.48
101¼	94½	Mex 16½pc 2008	96	−½	18.47	19.52
99¾	90¼	Sweden 13½pc 1986	99¾xd	+¼	13.53	13.54

CORPORATION LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
95½	85	Bath 11¼pc 1985	95½	...	11.79	12.98
98¾	89¼	Birm'ham 12½pc 1985	98¾	....	12.69	13.09
99¼	87	Burnley 13pc 1987	99½xd	....	13.07	13.12
93¼	81¼	Cardiff 11pc 1986	93¼	....	11.80	13.08
100½	94¼	G.L.C. 12½pc '83	100½	......	12.50	12.51
100¼	94⅝	Do. 13¼pc 1984	100¼	......	13.15	12.78
100	94⅛	Glasgow 9¼pc '80-82	99⅛	..	9.26	9.77
80	67½	Herts 6¾pc 1985-87	80xd	.....	8.40	12.08
102¼	85	Leeds 13½pc 2006	102¼xd	.....	13.73	13.74
95⅝	87½	Liverpool 9¾pc '80-84	95¼	......	10.23	12.71
26	21½	D. 3½pc Irred.	26xd	.....	13.78	—
100⅞	95½	Lon. Corp. 13¼pc '83	100⅞	.....	13.14	12.42
91½	82¼	Do. 9¼pc '84-85	91½	.....	10.11	12.53
88¼	78¼	LCC 5½pc '82-84	88¼	.....	6.20	11.99
78½	64¼	Do 5½pc '85-87	78¼	..	7.02	11.41
70½	56	Do 6¾pc '88-90	70½	.....	9.59	12.78
22¼	19½	Do. 3pc '20 Aft.	22¼	..	13.64	—
99	90¼	Sunderland 12¼pc 1984	99	...	12.37	12.67

COMMONWEALTH AND AFRICAN LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
94¼	85¼	Aust. 6pc 1981-83	94¼	+¼	6.43	11.28
67½	57	N Z. 7¼pc 1988-92	67½xd	+¼	10.80	13.29
87¼	74¼	Do. 7½pc '83-86	87¼xd	+¼	8.63	11.70
161	136	S. Rhod. 2½pc Non-Asn.	157	.....	—	—
68	58	Do. 3½pc 80-85 Assd	68	..	5.24	17.00
41	32	Do. 4½pc 87-92 Assd.	41xd	..	10.98	17.40
380	318	Zimbabwe Ann (£100pa)	380	+8	—	19.40

LOANS

Public Board and Ind.

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
67	57¼	Agric. Mt. 5pc '59-89	67	..	7.48	12.22
31½	24¾	Met. Wtr. 3pc 'B'	31½	...	9.88	12.43

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australian

[illegible]

Tins

[illegible]

For Mexico see South Africans

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ‡ USM: not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- ♥ Rate applicable to non-Zimbabwean residents.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

Shelf. Refrshmt	80	+1	T.M.G.	5	
Sindall (Wm.)	225		Unidare	45	

OPTIONS

3-month Call Rates

Industrials		House of Fraser	15	Utd. Drapery	7
Allied-Lyons	8	I.C.I.	24	Vickers	16
BOC Intl.	15	"Imps"	8	Woolworths	5
B.S.R.	8½	I.C.L.	5½		
Babcock	16	Ladbroke	15	**Property**	
Barclays Bank	42	Legal & Gen.	19	Brit. Land	7½
Beecham	21	Lex Service	10	Cap. Counties	10
Blue Circle	48	Lloyds Bank	42	Land Secs.	28
Boots	19	"Lots"	6½	MEPC	20
Bowaters	24	London Brick	7	Peachey	14
Brit. Aerospace	17	Lucas Inds.	29	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	36
Gen. Electric	65	Sears	6		
Glaxo	42	T.I.	13	**Mines**	
Grand Met.	17	Tesco	5½	Charter Cons.	25
G.U.S. 'A'	45	Thorn EMI	42	Cons. Gold	45
Guardian	25	Trust Houses	11	Lonrho	7
G.K.N.	15	Turner & Newall	11	Rio T. Zinc	42
Hawker Sidd	30	Unilever	55		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 22

FINANCIAL TIMES

Saturday July 24 1982

MAN IN THE NEWS

The major asset of Chrysler

BY TERRY BYLAND

MR LEE IACOCCA was clearly enjoying himself on Monday when he announced that Chrysler had made a profit of $107m in the second quarter, Chrysler's best since its brush with oblivion. The showy setting of New York's Waldorf-Astoria hotel, the eight television cameras, the jostling presence of most of Wall Street and all the Press corps, and the sheer bezazz of the occasion, all combined to bring out Mr Iacocca's increasingly public persona.

He cheerfully swapped jokes with the stockbroker analysts, offered to punch the first man who described Chrysler's profits as "in line with expectations." He treated his audience not just to a spirited defence of Chrysler's fight back from the edge of disaster but also to a strongly worded critique of the U.S. monetary and economic scene. In a deadly phrase, he said the American people were "twisting in the wind" of high interest rates. And so on until, in answer to a question from the hall, he once again denied any intentions of running for President of the U.S.

Mr L. A. Iacocca

The rumours of political ambitions can probably be taken with a large pinch of salt. They seem to be rooted in Mr Iacocca's success in his own advertisements for Chrysler, and in his vigorous projection of Chrysler's case in the Senate and readiness to argue that case on Wall Street or in the Press whenever the opportunity arises. But he has made little serious attempt to date to seek a genuine political constituency or to push his verbal battle into any areas other than those directly relevant to Chrysler.

He has suggested to Congress and the Administration a five-point programme for economic recovery in the U.S. but the main plank—a call for a substantial tax credit for U.S. citizens buying U.S. cars returning more than 25 miles per gallon—is hardly the ball-park of real politics.

The free-swinging political opinions seem to be part of a role Mr Iacocca has been forced to play as the first spokesman for Corporate America since the word "failure" became mentionable. He may not be the last by any means. Corporate bankruptcies are now at record levels in the U.S. and a number of big names could shortly find themselves facing the same prospect that Chrysler faced three years ago and there's the rub. For Chrysler's success in obtaining government loan guarantees was never fully acceptable to political America.

When Chrysler went to the U.S. Government for aid in 1979, there was no shortage of voices in Congress and elsewhere who urged that the car company should be allowed to go to the wall, in accordance with the spirit of private enterprise. And there are plenty of people who want to see Chrysler fail for that very reason. Disdain for those who seek government handouts runs deep in the U.S. and if Chrysler has been able to maintain public sympathy at a time when there is no shortage of other supplicants for government aid, then it is largely Mr Iacocca's doing.

He has given Chrysler and its problems a human face, in contrast to the buttoned down style of corporate identity favoured in most major businesses corporations in the 'sixties and 'seventies.

Mr Iacocca's vehement identification with Chrysler has helped him in more practical fields. It has helped him persuade the Auto Workers Union Chrysler at $3 an hour less than to let its members work for at General Motors. It has helped him to bring robots into the factories without stirring up any major labour problems.

Of course, Chrysler is by no means out of the wood yet. This week saw the opening of the latest round of wage negotiations with the Auto Workers Union. It will be hard work to persuade them to accept further wage restriction at Chrysler.

Israeli aircraft bomb Beirut again

BY OUR CORRESPONDENTS IN TEL AVIV AND DAMASCUS

ISRAELI AIRCRAFT bombed Beirut yesterday, intensifying military pressure on the 6,000 Palestinian guerrillas besieged in the Lebanese capital.

Reports from Beirut said buildings throughout the city shook under the weight of the attack. An Israeli military spokesman said the bombing raids were aimed solely at Palestinian tank and artillery emplacements.

Israeli army communiques did not cite ceasefire violations as a justification for the raids as they had after Thursday's attacks on Syrian and Palestinian positions in eastern Lebanon.

A Western diplomat said in Tel Aviv: "This seems to be an unequivocal warning to the Palestine Liberation Organisation to get out of Beirut."

Mr Casper Weinberger, the U.S. Defence Secretary, cancelled plans to go to California over the weekend, apparently because of mounting concern over the possibility of an Israeli invasion of West Beirut.

Mr Philip Habib, the U.S. special envoy who is trying to negotiate the withdrawal of the Palestinian forces from Beirut, held four hours of talks in Damascus yesterday with President Hafez al-Assad of Syria before flying on to Saudi Arabia.

An American official described the talks as "exhausting" but claimed they were also "positive and constructive."

Mr Habib is seeking a reversal of the Syrian announcement that it would not accept the Palestinians if they left Beirut.

A Syrian spokesman said after the talks that his Government rejected American ideas for a solution of the crisis by stages. President Assad repeated his assertion that the major problem in Lebanon was the Israeli invasion and all efforts should be concentrated on achieving a withdrawal of the occupying troops.

In south Lebanon the Israelis placed the city of Sidon under curfew while a house-to-house search was conducted for a guerrilla group. The PLO claimed it had attacked the Israeli command centre in Sidon on Thursday and killed at least one officer.

It was the first time this month that the army has imposed a curfew there, and underlined the continued, if sporadic, PLO resistance facing Israel's thinly-spread occupation forces more than seven weeks after the invasion.

Mr Menahem Begin, the Israeli Prime Minister, bolstered his shaky coalition by signing an agreement with the ultra-nationalist Techiya (Renaissance) Party, which opposes the Camp David accords with Egypt.

The addition of the three Techiya seats means the government now has the support of 64 of the 120 Knesset members and should survive any parliamentary challenges while it is involved in Lebanon.

Israel's "most important war." Page 2

John Brown hopeful on £104m Soviet pipeline turbine contract

BY IAN RODGER

JOHN BROWN, the engineering group, is making no provision in its accounts for losses that might arise if it is unable to fulfil its £104m contract to supply turbines for a Soviet gas pipeline.

The deal is in jeopardy owing to the U.S. Government's ban on the sale of U.S. goods and technology to the Soviet Union. John Brown produces turbines under a manufacturing association agreement with General Electric of the U.S.

In his statement accompanying the group's preliminary results for the year to March, 1982, Sir John Mayhew-Sanders, the chairman, said the directors were hopeful that the way would soon become clear for the group to complete the contract.

But he also warned that in the unlikely event of the problem not being resolved, "we could face a substantial liability but the extent of this liability is quite impossible sensibly to predict."

The accounts showed that at March 31 the group had total shareholders' funds of £114.2m. The financial consequences of failing to perform on the contract are impossible to calculate, as are the effects on the group of any U.S. reprisals that might be applied if it breaks the U.S. sanctions.

Sir John said yesterday this was case where, unfortunately, a legitimate and binding contract had got caught up with a very important policy consideration.

In line with a forecast made in January, John Brown reported unchanged profits of £14.2m before tax last year.

But the chairman's statement also contained a stark warning that the group is finding trading very difficult so far this year.

"I have to emphasise that the current year is going to be very tough. Unless an unexpected and substantial economic revival starts soon, we shall make less profit this year than we did last," he said.

He added that he thought that the optimism about a recovery being expressed by the Government and a few small company chairmen was "ill-founded."

The shares fell 7p yesterday to 48½p.

● The West German Government made it clear yesterday that it has "no legal basis" to order companies in the country to deliver equipment made under U.S. licence to the Soviet natural gas pipeline.

In Paris, industry and trade officials said President Reagan's trade sanctions against the pipeline will not be violated by French companies until October 1983, when Alsthom-Atlantique plans its first deliveries.

Results, Page 16

Racal picks Scrimgeour as broker

By John Moore, City Correspondent

GRIEVESON GRANT, the stockbroker which took over the corporate finance business of the troubled Carr Sebag firm, will not be acting for Racal Electronics, a big corporate client of Carr Sebag.

Racal said yesterday it had appointed Scrimgeour, Kemp-Gee as it broker. In the City yesterday it was suggested that Racal had notified Carr Sebag that it intended to change its broking arrangements about four months ago. But the company, one of the most prized corporate accounts, was persuaded by the firm to delay its move.

In June, Grieveson took over the corporate finance side of Carr Sebag "as a going concern" and paid less than £1m for a list of more than 100 accounts. Yesterday, Grieveson said "a lot of companies will be reconsidering their stockbroking arrangements. You win some, you lose some."

Already, Lonrho, another substantial corporate account, is considering a switch of allegiance away to another firm, now that Grieveson has taken over.

Foot confident on Militant

MR MICHAEL FOOT, the Labour leader, last night expressed his confidence that the autumn party conference will back him in ruling that the Militant Tendency cannot remain as it is within the Labour Party.

In an interview for the BBC Television Newsnight programme, to celebrate his 69th birthday, Mr Foot denied that the ruling would constitute expulsion.

Automotive axes 900 and cuts hours for 7,500

By Arthur Smith, Midlands Correspondent

AUTOMOTIVE PRODUCTS, the Midlands motor parts supplier, announced plans yesterday to axe 900 jobs and put more than 7,500 workers on short time.

The move, blamed on weak home and overseas demand, reflects mounting concern among suppliers at the recession in the world car industry.

About 40 per cent of the company's output of clutches, brakes, steering equipment and gearboxes goes to 120 overseas countries. The latest cuts follow a reduction in the workforce from 12,000 to about 10,000 in 15 months.

The company appealed to workers last night "for common sense to prevail" in accepting the planned changes.

Some 600 volunteers for redundancy have been called for from the 7,000 workers at the main plant at Leamington Spa. A four-day week begins on August 9, after the summer holiday.

A cut of 300 from 1,500 jobs is sought in the parts and service division, at Banbury. The night shift will end and the remaining workers will go on a four-day week.

Automotive said the cuts were delayed in the hope of improved demand. But sales remained depressed.

Belfast lay-offs, Page 3

Spain to buy 84 U.S. fighters in $3bn deal

BY TOM BURNS IN MADRID

SPAIN yesterday announced it would buy 84 U.S. made McDonnell Douglas F-18A combat aircraft at a cost of $3bn (£1.72bn), the biggest single weapons purchase in Spanish military history. The jet fighters are scheduled for delivery towards the end of 1985 to replace existing squadrons of Phantoms and F-5s.

The Spanish contract is the first landed by McDonnell Douglas for the sale of F-18As to a European Nato country and its successful conclusion is expected to be a factor in forthcoming major combat aircraft purchases due in Greece and in Turkey. McDonnell Douglas has so far sold the fighter to Australia and Canada in addition to the U.S. Navy and Marine Corps.

The purchase, expected to get U.S. Congressional approval, will be paid partly through U.S. loans offered as part of a bilateral defence pact under which American forces have the use of four Spanish bases.

The pact was renewed earlier this month after Spain became the 16th member of Nato. The U.S. government has asked Congress to authorise $400m credits on favourable terms for the modernisation of Spanish armed forces in the year beginning October 1 1983.

The F-18A had been short-listed by the Spanish government together with its direct competitor, the F-16, built by General Dynamics which is operated by Norway, Denmark, Holland and Belgium as well as the U.S. under the multilateral terms of the 1975 so-called "deal of the century." The Tornado, built by the British, West German and Italian consortium Panavia, was also originally considered, as was the Mirage 2000.

The decision on the type of aircraft to re-equip the Spanish air force was more than a year overdue and completes a feasibility study first initiated by the Defence Ministry in 1978.

The delay in decision-making has been sharply criticised in administration and Spanish aerospace industry circles and one inevitable result has been that a proportion of present Phantoms and F-5s in operation will be more than 20 years old when their replacements come into service.

Details of the technology transfer and local production arrangements were not immediately known but it is believed that the F-18A's twin engine gave the McDonnell Douglas aircraft the edge over its single-engined F-16 rival.

U.S. offers fighter to India, Page 2

Cunard Continued from Page 1

Thatcher on Thursday night, but got little response.

British Shipbuilders, which is state-owned, quoted Cunard a price of £45m to build a new ship. The South Korean price is £30m, about the cost of materials for the UK group.

Mr Robert Atkinson, chairman of British Shipbuilders, said the Government should regard the issue as special—"we're not asking for the moon."

He thought the government could provide funds so that the new ship, which would be larger than the Atlantic Conveyor, would have some defence features, or it could provide favourable credit for Cunard as a British shipowner.

The government feels that its hands are tied by EEC rules on subsidies, but many backbenchers and some cabinet ministers believe there is room for manoeuvre. Some have suggested that government compensation for the lost ship be increased from the £10m agreed.

Reagan Continued from Page 1

teaching at Washington University in St. Louis.

But he is known to have been unhappy about the projection of a 4 per cent real growth rate in the second half of this year, the forecast now expected to be published on Monday, as part of the Administration's mid-year economic forecasts.

When this forecast was leaked two weeks ago, it aroused widespread scepticism among economists.

With a more realistic economic growth rate, the projections for the 1983 budget deficit would be very much higher than the $100bn to $110bn which next week's forecasts are expected to show.

Mr Weidenbaum had argued that strong measures, including tax increases, were needed to keep next year's budget deficit under control. However, although he was, in theory, one of the three economic advisers with direct access to the President (the others are Mr Donald Regan, the Treasury Secretary and Mr David Stockman, the Budget Director), his views went unheeded. Of these three economic advisers, Mr Weidenbaum was the only one with a professional economic background. Mr Regan, generally agreed to be the most influential economic official in the Administration, frequently emphasises that he is not an economist but a businessman, and "majored in English"

Andre de Brett rises by 93%

PRE-TAX PROFITS at Andre de Brett in the year to March 31 1982 rose by 93 per cent from £464,000 to £895,000—slightly ahead of the £875,000 forecast at time of entry to the Unlisted Securities Market in April 1982. Turnover rose from £3.28m to £4.6m.

A net dividend of 1.5p per 10p share is recommended—last year no payout was made. Earnings per share are stated higher at 5.63p (4.71p), before the deduction of an extraordinary debit of £88,000 (nil), being issue costs borne in connection with entry into the USM.

The company, whose main business is selling outsize clothing to women by direct mail order, says that turnover for the first three months of the current year has been encouraging, and the board looks to the future with confidence.

Mr Jack Linton, chairman of de Brett, said yesterday that much of this year's improvement was due to recovery from depressed trading levels in the previous year. He said he hoped the company could achieve a 30 per cent profits growth in the current year, if present trading trends continue.

Tax for the year took £444,000, leaving retained profits of £243,000 (£377,000).

Weather

UK TODAY

RATHER CLOUDY with a little drizzle in places, but some sunny periods, especially in northern areas.

London, S England, the Midlands, E Anglia, Channel Isles, N England
Rather cloudy with a little drizzle and sunny intervals developing. Max 21C (70F).

Wales, SW England, NW England
Mainly dry with sunny periods. Max 21C (70F).

Scotland, Borders, the Highlands, Ulster
Mainly dry with sunny periods, becoming cloudy in places later. Max 22C (72F).

Outlook: Mainly dry in the South but rain in the North.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	28	82	L. Ang.†	F	20	68
Algiers	S	32	90	Luxmbg.	C	20	68
Amsdm.	C	18	64	Luxor		—	—
Athens	F	31	88	Madrid	S	29	84
Bahrain	S	36	97	Majorca	S	34	93
Barclna.	F	27	81	Malaga	S	37	99
Beirut		—	—	Malta	S	33	91
Belfast	C	15	59	M'chstr.	C	16	61
Belgrd.	S	30	86	Melbne.	F	15	59
Berlin	F	25	77	Mx. C.†		—	—
Biarritz	C	22	72	Miami†	F	28	82
Bmghm.	C	16	61	Milan	S	28	82
Blackpl.	C	18	64	Montrl.†	F	20	68
Bordx.	F	22	72	Moscow	F	21	70
Boulgn.	C	18	64	Nairobi	C	19	66
Bristol	C	16	61	Naples	F	29	84
Brussels	C	19	66	Nassau		—	—
Budpst.	T	26	79	Nwcsd.	C	13	55
Cairo		—	—	N York†	F	22	72
Cardiff	C	16	61	Nice	S	28	82
Cas'b'ca	S	24	75	Nicosia	S	29	84
Cape T.	C	12	54	Oporto	S	20	68
Chicg.†	F	19	66	Oslo	F	25	77
Cologne	C	21	70	Paris	C	20	68
Cphhgn.	S	24	75	Perth	F	18	64
Corfu	S	31	88	Prague	F	24	75
Denver†	F	23	73	Reykjvk.	R	10	50
Dublin	F	18	64	Rhodes	S	28	82
Dbrvnk.	S	28	82	Rio J'o†		—	—
Edinbgh.	C	18	64	Rome	F	30	86
Faro	S	26	79	Salzbrg.	R	20	68
Florence	F	33	91	S F'cisco†		—	—
Frankft.	C	19	66	S. Moritz		—	—
Funchal	S	23	73	Singapr.	F	31	88
Geneva	F	25	77	S'tiago†		—	—
Gibraltar	S	31	88	Stckhm.	F	23	73
Glasgow	S	19	66	Strasbg.	F	23	73
G'rnsey	C	17	63	Sydney	C	16	61
Helsinki	C	17	63	Tangier	S	25	77
H. Kong	F	31	88	Tel Aviv	S	28	82
Innsbrk.	F	17	63	Tenerife	S	27	81
Invrnss	S	19	66	Tokyo	F	27	81
I.o.Man	C	16	61	T'ronto†	C	20	68
Istanbul	S	28	82	Tunis	F	32	90
Jersey	F	19	66	Valencia	S	30	86
Jo'burg	S	20	68	Venice	F	28	82
L. Plms.	F	23	73	Vienna	R	24	75
Lisbon	S	23	73	Warsaw	S	22	72
Locarno	F	26	79	Zurich	F	23	73
London	C	16	61				

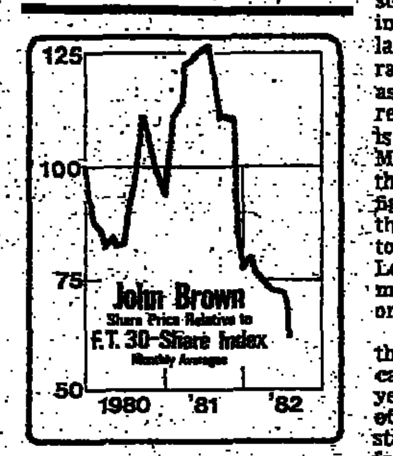
C—Cloudy. F—Fair. R—Rain. S—Sunny T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Don't cry for Lloyds Bank

The stock market is thriving on cheaper money, with continuing demand for gilt-edged yesterday based on the assumption that interest rates still have a considerable way to fall. Equities have followed gilts higher, and the All-Share Index closed the week at a record level, although the message coming out of many manufacturing companies at present is gloomier than ever.

Index rose 5.0 to 578.2



Lloyds Bank

A casual reader of Lloyds Bank's interim statement might be excused ignorance of the company's major exposure to the Argentine economy. In the six months to June the overall charge for provisions for bad and doubtful debts is little changed from the level of the preceeding half year. The performance of the local Argentine operations is acknowledged—pretty dull, apparently—and the possible difficulties over syndicated loans passed over in respectful silence. So earlier worries about the Falklands fall-out look pretty exaggerated; pre-tax profits are up 10½ per cent at £193.1m compared with a year earlier, although there has been an 8 per cent decline from the level in the second half of 1981.

A year ago the international side was the main engine of growth, but there has been a decline here in the latest six months. Instead domestic banking operations have taken up the running, with a 6 per cent gain in profits compared with the second half of 1981. Volume gains have compensated for the slight erosion in the interest rate endowment effect. The underlying incerase in advances comes out at about 24 per cent, partly reflecting a sharp increase in house mortgage business, although lending to industry has also been buoyant. Meanwhile staff costs have also been under tight control, with an underlying rise of about 10 per cent.

In fact advances have grown too fast for Lloyd's deposit base to keep up and some of the new business has been taken on at a decidedly marginal return. Not only has the growth in current accounts been virtually non-existent, but Lloyds has been forced, for the first time, to resort to the wholesale money markets as a source of bedrock funding. At times this source has provided up to 10 per cent of overall funds.

The bank has blithely ignored all the angry sounds from the Government on bank taxation and leasing. Its usual practice of providing for a modest enough 25 per cent of its capital allowances in deferred taxation has been dropped in favour of a nil provision; the tax charge has been reduced by £58.5m as a result. To undertake this piece of window dressing, of what is the strongest balance sheet of all the clearers at such a sensitive time looks rather odd. The shares rose 4p yesterday to 400p, where the prospective yield is at least 9 per cent.

John Brown

John Brown has had a troubled year, not least on the investor relations front, and yesterday's preliminary statement is not designed to ensure the stock's quick return to the portfolios of widows and orphans. Pre-tax profits for the 12 months to March turn out, as forecast, a whisker below the previous year's £14.2m, and the shares were marked up—until dealers read right through the chairman's statement. By the time the last broker had reached the words "we shall make less profit this year than we did last," the shares had slumped 7p to 48½p.

On top of the more predictable headaches Brown has to contend with the uncertainty over its gas turbine contract for the Siberian pipeline. It is sensibly making no provision at this stage presumably on the basis that, although the extreme risks of contract default or U.S. blacklisting do exist, a favourable resolution remains the most likely outcome. Clearly, though, any further hardening of the U.S. position could be very unsettling for the John Brown share price.

The year just ended was made respectable — just — by a strong performance in engineering and construction, thanks largely to contract completions rather than new work, which, as Davy's cautious statement recognised earlier in the week, is now very hard to come by. Machine tools in the UK made their forecast £4m loss, and the figure will again be deepest red this year. There seems likely to be a serious deterioration in Leesona's plastics and textile machinery businesses, where orders have dried up.

Since Brown normally says that it can make no useful forecast until quite late in the year, ready-formed expectations of lower profits at this early stage probably point to a steep fall, perhaps below £10m. There is the promise of a strong 1983-84 in construction (contract completions again) provided that the level of incoming work is covering overheads properly. And of course any improvement in demand should come through fast to the bottom line, not least because parts of the business are overstocked.

Failing that, the directors will have a hard decision on the final dividend next July. The balance sheet is fairly extended, with £88m of term debt—offset by £13m of net cash—against £114m of equity, incorporating a recent property revaluation. The yield on an unchanged dividend is 13.1 per cent, and the market capitalisation of £63m is only 2¼ times the amount raised by last autumn's one for three rights issue.

Corporate finance

The purchaser of a medical practice does not expect to keep all his predecessor's patients—and in the City, too, goodwill cannot be transferred automatically. Brokers Grieveson Grant, who extracted the corporate finance jewel from the rusty crown of Carr Sebag a couple of months ago, are finding this out the hard way.

Racal, one of Carr Sebag's most valuable clients, is transferring its business to the rival firm of Scrimgeour Kemp-Gee, which has considerable research expertise in electronics, while Lonrho is considering switching allegance to Capel-Cure Meyers. A few more defections like these and the deal will look to have been a waste of resources; Grieveson must be hoping that it finds Carr Sebag's private-client list rather less volatile.